Audit Bench
of the Supreme Court

Annual Report
2014

Missions of the Audit Bench

The Audit Bench of the Supreme Court of Cameroon shall be competent to :

(1) Control and rule on public accounts as well as those of public and semi-public enterprises,

Section 41 of Law No. 96/06 of 18 January 1996 to amend the Constitution of 2 June 1972 ;

(2) Declare and check de facto accounting,

Section 7 of Law No. 2003/005 of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court ;

(3) Give its opinion on any matter referred to it in connection with the control and verification of accounts,

Section 10 of Law No. 2003/005 of 21 April 2003 referred to above ;

(4) Give its opinion on Settlement Bills submitted to the National Assembly and a certification report on the attached General Account of the State,

Section 39(c) of Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court ; Sections 125(3) and 126 (3 & 4) of Decree No. 2013/160 of 15 May 2013 on the General Regulations of Public Accounting ;

(5) Draw up and publish annual reports on State accounts to be submitted to the Head of State,

Section 39(d) of Law No. 2006/016 of 29 December 2006 referred to above ;

(6) ***Submit to the President of the Republic, the President of the National Assembly and the President of the Senate an annual report setting out the general results of its deliberations and pertinent observations with a view to reforming and improving upon the keeping of accounts and the discipline of accountants,***

Section 3 of Law No. 2003/005 of 21 April 2003 referred to above.

This report was prepared by the Programming and Public Report Committee under the coordination of Mr. KAMENI Pierre, Master of the Supreme Court. The Committee includes among others Messrs. NGAN Evaristus AZEH, THEUMOUBE Philippe, DJOKO André, MIKONE Martin Bienvenu, ALIMA Jean Claude, YEBGA MATIP, EZO'O BIZEME, Masters of the Supreme Court, M. NJOWIR Mary YIBEALA spouse JIFON, Registrar–in-Chief and Mr. OUWE MISSI Martial Milhaud, Division Registrar; Mrs. DJOMO Lyna Kristelle and EYENGA NLATE Evelyne Sandrine spouse ENAM and Messrs. Emmanuel MUSANGO EBOLLOH, NTAMAG Achille and TSALA AWONO Nestor, Audit Assistants.

Mr. EBENE Daniel, Advocate General was Adviser to the Committee.

This report was proofread by a committee presided over by Mr. ATEBA OMBALA Marc, President of the Audit Bench and made up of Mr. MBENOUN Théodore, Mrs. FOFUNG Justine NABUM spouse WACKA, SIMO TCHUINTE Lucienne spouse SIMO BOBDA, Division Presidents ; Mr. KAMENI Pierre, Coordinator of the Programming and Public Report Committee, Messrs. FOUDA NKODO Achille and MIKONE Martin Bienvenu, Masters of the Supreme Court ; M. NJOWIR Mary YIBEALA spouse JIFON, Registrar-in-Chief.

Messrs. MBENGUE Georges, Senior Advocate General and EBENE Daniel, Advocate General, represented the Procureur General of the Supreme Court.

This report was adopted by the full Chamber on 29 December 2015.

RULING

In accordance with the provisions of Order No. 26/CDC/CSC of 19 October 2010 signed by the President of the Audit Bench to determine matters which the various Divisions of the jurisdiction shall examine, the Audit Bench, deliberating in Chambers, adopted this report drawn pursuant to section 3 of Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

The following were present :

- **Mr. ATEBA OMBALA Marc, President of the Audit Bench ;**

- **Mr. MBENOUN Théodore,**

- **Mrs. FOFUNG Justine NABUM spouse WACKA, SIMO TCHUINTE Lucienne spouse SIMO BOBDA, Division Presidents ;**

- **Messrs. MANGA MOUKOURI Isaac, HAKAPOKA Narcisse, KAMENI Pierre, DITOPE LINDOUME, NGAN Evaristus AZEH, FOUDA NKODO Achille, THEUMOUBE Philippe, NDONGO ETAME David, DJOKO André, MIKONE Martin Bienvenu, NDJOM NACK Elie, ALIMA Jean Claude, YEBGA MATIP, EZO'O BIZEME, OUMAROU ABDOU, Masters of the Supreme Court.**

The following were also present and participated in the discussions without taking part in the deliberations :

- **Mr. MBENGUE Georges**, Senior Advocate General at the Supreme Court, and

Messrs. TENGEN Pius WERENGOH and **EBENE Daniel**, Advocates General at the said Court, representing the Procureur General of the Supreme Court ;

- **M. NJOWIR Mary YIBEALA** spouse JIFON, Registrar-in-Chief took the minutes.

Done at the Audit Bench of the Supreme Court this 29th day of December 2015.

Foreword

On 20 December 2005 during the solemn oath-taking and installation of the first Legal and Judicial Officers of the Audit Bench of the Supreme Court of Cameroon, the Chief Justice of the said Court hailed this event in these terms "*Justice is today getting enriched with a new role, that of guarantor of the transparency of public finance*.

Since the Constitution of 18 January 1996, a third level of jurisdiction, the Audit Bench, has been added to the other two traditional benches which are the Judicial Bench and the Administrative Bench.

Created at the dawn of independence by Ordinance No. 62/OF/4 of 7 February 1962, its predecessor, the Federal Accounts Court was abolished by Law No. 69/LF/17 of 10 November 1969 and its functions of clearing accounts and penalizing public accountants entrusted to the General State Inspectorate.

This function returns to the heart of the judicial institution through the establishment within the Supreme Court of the Audit Bench which, organized by Law No. 2003/005 of 21 April 2003, will strengthen the legal and financial arsenal of Cameroon...

In this regard, the Audit Bench is responsible for the control and judgment of public accountants, of the declaration and clearance of de facto accounting." **(1)**

Ten years after, the Audit Bench is publishing its ninth annual report. This renders account of its activities in 2014.

Certainly, just like that of 2013, this report echoes the extension of the scope of the jurisdiction of the Audit Bench, from judgment of accounts of public accountants to the certification of accounts and the evaluation of public finance; it is the veritable visible expression of satisfaction of the need to inform the citizen. Its basis, with regard for example to the French *Cour des Comptes* and financial jurisdictions, is defined by the Declaration of Human and Civic Rights of 1789 pursuant to which :

1 [()] **FEUKOU Maurice, Et voici enfin, l'heure des Comptes ! (The hour of rendering account has finally come). Collection LAMAS, CHARLOBERT Editions SOPECAM YAOUNDE September 2006, p. 104 and following.**

Article 14 : *All citizens have the right to ascertain, by themselves, or through their representatives, the need for a public tax, to consent to it freely, to watch over its use, and to determine its proportion, basis, collection and duration.*

Article 15 : *Society has the right to ask a public official for an accounting of his administration* [(2)]

The Cameroon lawmaker agreed. [(3)]

In fact, according to section 3 of Law No. 2003/005 of 21 April 2003 referred to above, *"The Audit Bench shall submit to the President of the Republic, the President of the National Assembly and the President of the Senate an annual report setting out the general results of its deliberations and pertinent observations with a view to reforming and improving upon the keeping of accounts and the discipline of accountants. This report shall be published in the Official Gazette of the Republic of Cameroon."*

On this basis, the Audit Bench itself organizes the publicity of its work through public reports and opinions :

- the annual public report includes insertions which repeat in a succinct manner the most remarkable work and facts which should be brought to public knowledge ;

  thematic public reports provide clarifications by the Audit Bench on a major or special control[4] or a particularly important public policy ;[5]

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(2) ***Henri Oberdorff Jacques Robert, libertés fondamentales et droits de l'homme, textes français et internationaux, 6ème édition p. 8***

(3) The Constitution provides :

<u>Preamble</u>

"Every person shall share in the burden of public expenditure according to his financial resources…

<u>Section 5.</u> (2) He (the President of the Republic) shall define the policy of the Nation.

<u>Section 8</u> (5) The President of the Republic shall enact laws as provided for in section 31 below.

<u>Section 11</u>. (1) The Government shall implement the policy of the Nation as defined by the President of the Republic.
(2)It shall be responsible to the National Assembly under the conditions and procedures provided for in section 34 below.

<u>Section 14</u>. (2) Parliament shall legislate and control Government action.

<u>Section 38</u>. (1) The Supreme Court shall be highest court of the State in legal and administrative matters as well as in the appraisal of account.

<u>Section 41.-</u> The Audit Bench shall be competent to control and rule on public accounts, as well as those of public and semi-public enterprises."

4 ***Annual public reports on the accounts of the State, section 39 of Law No. 2006/016 of 29 December on the organization and functioning of the Supreme Court.***

5 ***Report on the application of Law No. 99/016 of 22 December 1999 on the general Rules and Regulations governing administrative public establishments, public and semi-public enterprises and the OHADA Uniform Acts, December 2009.***

- opinions on settlement bills presented to Parliament and this since 2013, opinions on settlement bills and a report on the certification of general accounts of the State are transmitted to Parliament ; they constitute valuable information for debates on the budget in Parliament ;

- advisory opinions rendered on any matter relating to the control and ruling on accounts enabling the financial jurisdiction to shed the necessary light to managers and public accountants who request for it.

The public presentation of the annual public report for authorizing officers and managers, public accountants,[6] media correspondents and Civil Society representatives which is becoming a current occurrence at the Audit Bench puts information at the reach of the ordinary citizen.

Just like the institution of a meeting day between the Audit Bench and Civil Society Organizations and media correspondents, of the MINFI/ Audit Bench platform as well as exchange Forum between the Audit Bench and the Finance and Budget Committees of the National Assembly and the Senate, completes the institutional organization of information of the citizen.

In this process, the Audit Bench, our young financial jurisdiction, intends to satisfy its social responsibility as a supreme audit institution. A good number of managers, public accountants and persons in search of information are now aware of it.

The public is thus invited to drink eagerly from this valuable spring of information on the management of public finance of our country which is this annual report for the 2014 financial year.

MEKOBE SONE Daniel

Chief Justice of the Supreme Court

6 **Regional Paymasters General, Accounting Officers, Council Revenue Collectors**

Introduction

The activity report of the Audit Bench for the 2014 financial year, just like the preceding reports since 2006, contains the general results of its work including pertinent observations in accordance with the provisions of section 3 of Law No.2003/005 of 21 April 2003 on its jurisdiction, organization and functioning.

This report which includes the new missions assigned the jurisdiction by Decree No. 2013/160 of 15 May 2013 on the General Regulations governing public accounting, has four parts.

The first part renders account of the resources put at the disposal of the Bench for the accomplishment of its missions.

Part two deals with judicial controls and extra-judicial controls performed by the Audit Bench in the 2014 financial year.

The third part is devoted to the presentation of some important decisions taken by the Audit Bench chosen among final judgements, final observation reports, opinions and certification reports.

Lastly, part four of the report records recommendations made by the financial jurisdiction. They are placed in three categories: recommendations from preceding reports that have been implemented, those that have not been implemented and those resulting from the work of the 2014 financial year (new recommendations).

Part One

MANAGEMENT ACTIVITIES OF THE AUDIT BENCH IN 2014

CHAPTER 1. RESOURCES FOR FUNCTIONING OF THE AUDIT BENCH IN 2014

In 2014 the Audit Bench had human, financial, material resources and real estate for its functioning.

Section 1 : Human resources

By 31 December 2014, the staff number of the Audit Bench stood at one hundred and sixty-four (164). It included Legal and Judicial Officers, registry staff, audit assistants and support staff.

Sub-section 1. Legal and Judicial Officers

The Audit Bench has twenty-four (24) Legal and Judicial Officers including twenty-one at the bench and three (3) at the Legal Department.

The bench includes the President of the Bench, four (4) Division Presidents and sixteen (16) Masters of the Supreme Court.

The Legal Department is made up of the Senior Advocate General and two (2) Advocates General who represent the Procureur General of the Supreme Court.

In total, the number of Legal and Judicial Officers includes :

- one (01) first group super scale Legal and Judicial Officer ;
- six (06) second group super scale Legal and Judicial Officers ;
- seventeen (17) fourth scale Legal and Judicial Officers.

Sub-section 2. Registry staff

By 31 December 2014, this staff numbered twenty-three (23) including

- two (02) Senior Court Registry Administrators (category A2) ;
- five (05) Court Registry Administrators (category A1) ;
- five (05) Senior Court Registrars (category B2) ;

- three (03) Court Registrars (category B1) ;
- eight (08) assistant Court Registrars (category C).

Sub-section 3. Audit Assistants

Fifty-four senior contract staff (54) work as audit assistants. However, nine (9) registry staff who were trained as audit assistants generally assist Legal and Judicial Officers in the performance of audit missions.

Sub-section 4. Support staff

A. Technical staff

The number of technical staff remained the same twelve (12) as was in 2013.

They include :

- two (02) information technologists ;
- nine (09) archivists ;
- one (01) journalist.

B. Administrative and security staff

This staff category is composed of :

- Forty-two (42) State employees including nineteen (19) working as secretaries and twenty-three (23) as drivers ;
- nine (09) security staff from the Gendarmerie, the Police and the Penitentiary Adminstration.

Sub-section 5. Evolution of the staff situation of the Audit Bench by 31 December 2014

The human resources of the Audit Bench experienced the following evolution as at 31 December 2014.

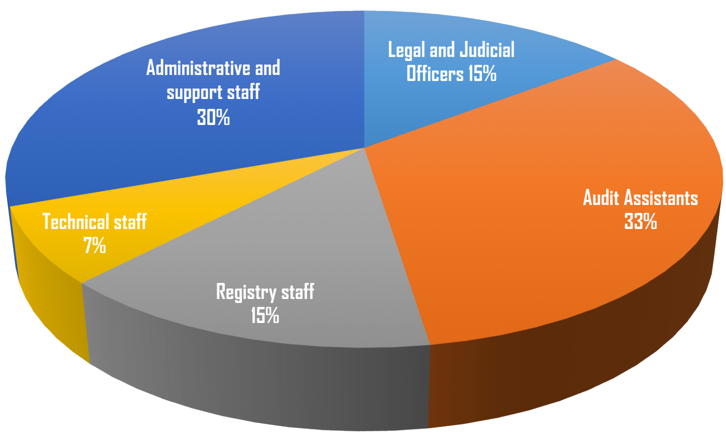
Table 1. Recapitulation of staff situation as at 31 December 2014

	2011		2012		2013		2014	
	No..	%	No..	%	No..	%	No..	%
Legal and Judicial Officers (Bench and Legal Department)	23	24,2	24	13,5	24	13,7	24	14,64

Audit Assistants			66	37	65	37,2	54	32,92
Registry staff	15	15,8	23	13	23	13,2	23	14,64
Technical staff	11	11,5	12	6,7	12	6,8	12	7,32
Administrative and support staff	46	48,5	53	29,8	51	29,1	51	30,49
Total	95	100	178	100	175	100	164	100

Graph 1 below gives the staff distribution at the Audit Bench by category as at 31 December 2014 :

Graph 1. Distribution of staff by category as at 31.12.2014



Section 2 : Financial resources

To finance its activities, the Audit Bench benefitted from annual budgetary allocations and one-off support from the Ministry of Finance. These internal resources were supplemented by financing from development partners which served especially in the organization of capacity- building workshops for staff within the framework of the Support Programme to the Reform of Public Finance (PARFIP).

Single sub-section : Financial resources

A. Budgetary allocation of the Audit Bench in 2014

In the 2014 budget of the Supreme Court, the Audit Bench was allocated 774 000 000 CFA francs as expenditure authorizations excluding staff expenditure against 761 168 912 CFA francs in 2013, that is an increase of 12 831 088 CFA francs in absolute value and 1.67 % in relative terms. These expenditure authorizations are divided into operating appropriations of 514 000 000 CFA francs against 555 800 000 CFA francs in 2013 and investment appropriations of 260 000 000 CFA francs against 205 368 912 CFA francs for the 2013 financial year.

As at 31 December 2014, the budget of the Audit Bench was accomplished at the sum of 680 042 000 CFA francs in absolute value, that is, 87.86 in relative terms against 628 574 801 CFA francs in absolute value, that is, 82.50 % in relative value the previous year.

The table below summarizes the comparative data of the execution of the budget of the Bench from 2011 to 2014.

Table 2. Budgetary expenditure of the Audit Bench from 2011 to 2014

In thousands of CFA F		2011	2012	2013	2014
Operating expenditure	Forecasts	786 000	761 169	555 800	514 000
	Execution	495 878	714 871	518 810	968 944
	Rate of execution (%)	63,08	93,92	93,30	91,23
Investment expenditure	Forecasts	-	205 000	205 369	260 000
	Execution	-	93 670	109 765	211 097
	Rate of execution (%)	-	45,70	53,40	81,19
Total expenditure	Forecasts	786 000	966 169	761 169	774 000
	Execution	495 878	808 541	628 575	680 042
	Rate of execution (%)	63,08	83,68	82,50	87,86

Sources: MINFI/DGB; MINEPAT/DPIP

This table reveals that operating appropriations of an amount of 514 000 000 CFA francs were allocated to the Audit Bench in 2014 as against 555 800 000 CFA francs in 2013. These appropriations were used up to the amount of 468 944 000 CFA francs, that is a consumption rate of 91.23 % at the close of the 2014 financial year against 518 810 000 CFA francs at the end of 2013 for an accomplishment rate of 93.30 %.

The reduction in operating appropriations in 2014 stood at 41 800 000 CFA francs, a drop of more than 2 points in relation to the previous financial year.

It should be noted that in five years, the budgetary operating allocation has dropped by almost half (49.49 %) from 1 038 673 000 CFA francs to 514 000 000 CFA francs in 2014.

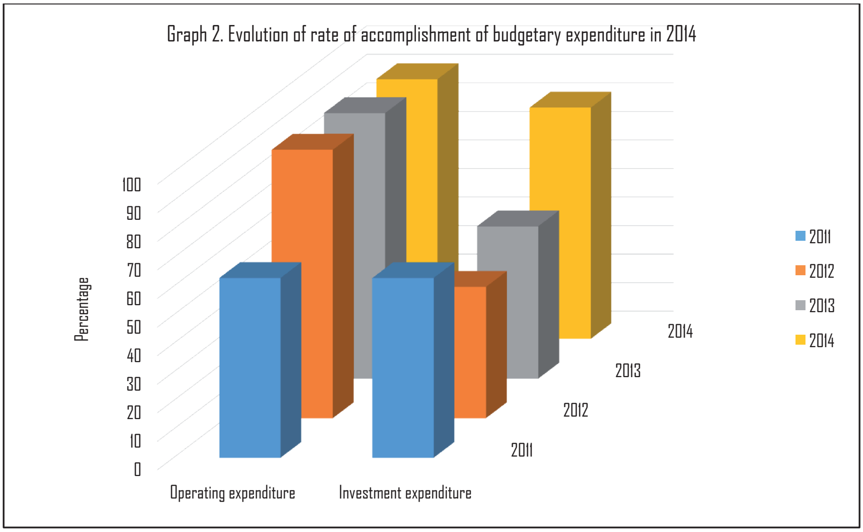
This downward trend of the resources of the financial jurisdiction is prejudicial to its harmonious functioning, which has constrained her to seek each year one-off support from the Ministry of Finance to carry out some of its important activities. Although highly appreciated by the Audit Bench, this budgetary support cannot constitute a permanent solution. In this respect, the financial jurisdiction continues to advocate for an increase in its resources to enable it to effectively fulfill the tasks assigned to it.

As for investment appropriation of an amount of 260 000 000 CFA francs in 2014, its consumption increased significantly in relation to 2013 both with in relative terms and in absolute value. The appropriations were thus used up to the amount of 211 097 000 CFA francs, that is a consumption rate of 81.89 % against 53.40 % in 2013.

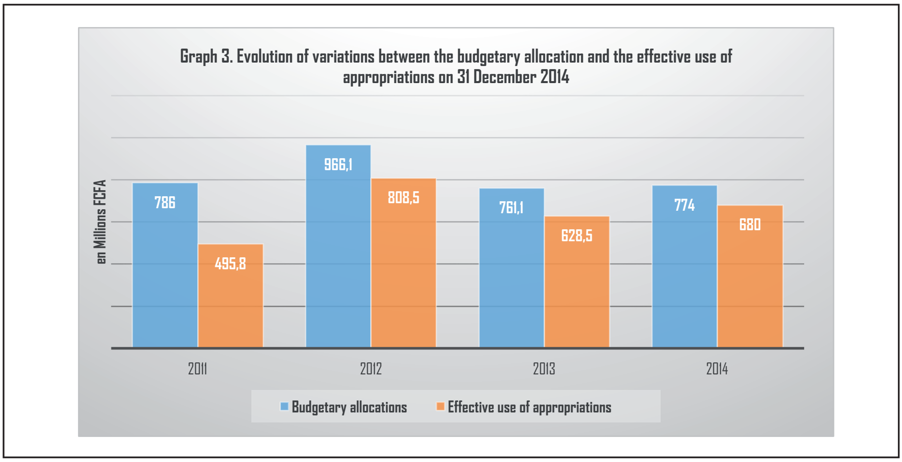
The investment appropriations were used for :

- studies and implementation of central balance sheet unit ;
- the purchase of two vehicles (a pick up and a liaison vehicle) ;
- architectural and techncial studies for the construction of an Archives Centre in Nkozoa.

Graph 2 below confirms the trends described above regarding the budgetary allocations of the Audit Bench.



Graph No.3 highlights the variations between the budgetary allocations of the Audit Bench and the effective use of the allocated appropriations thus granted during the past four years.



The variation between the budgetary allocations and the effective use of appropriations reduces each year. From 290.2 million in 2011, this variation dropped to 157.6 million in 2012, then 132.6 million in 2013 and 94 million on 31 December 2014. The Audit Bench is gradually improving on the use of its budgetary allocation.

B. External financing

In 2014, the implementation of Support Programme for the Reform of Public Finance (PARFIP) *"component 3, citizen and external control "*continued. That is why the activities below costing 53 235 000 CFA francs were carried out :

- the third exchange forum between the Audit Bench and representatives of Civil Society organizations and media correspondents ;
- training workshop of Legal and Judicial Officers and registrars on management control and evaluation of public policies ;
- training workshop for Legal and Judicial Officers on judicial control on the new responsibilities of public accountants based on the concept of damage ;
- the study trip of Audit Assistants to the *Cour des Comptes* of Morocco.

Section 3 : Material resources

A. Vehicles

It should be noted that the vehicle fleet of the Audit Bench was enriched with two new vehicles in 2014, a pick-up and a liaison vehicle.

Thus, by 31 December 2014, the Audit Bench had a fleet of twenty-five (25) vehicles assigned to Legal and Judicial Officers, two (2) pick-ups and one (1) van for the transportation of accounts between the seat and the Archiving Centre, four (4) mission vehicles and one (1) liaison vehicle.

With regard to the functioning situation of the service vehicles of the Legal and Judicial Officers, it should be noted that only the one assigned to the President of the Audit Bench which was acquired in 2013 is still in good working order. The other service vehicles have reached the decommissioning age and their maintenance borne by the State and the users is becoming increasingly costly.

B. Equipment and office furniture

The office equipment of the Audit Bench renewed at 70% in 2010 has become obsolete despite the resources allocated for its maintenance.

The office furniture is inadequate considering the increase in staff numbers.

In this regard, as it was indicated in 2013, the acquisition of new equipment is necessary.

Section 4 : Buildings

The problem of working space raised in the preceding reports was not solved in 2014.

The Audit Bench has continued to function within the same cramped premises considering the current staff numbers. Measures taken to contact the services responsible for the allocation of land within the administrative centre for the construction of its seat have been fruitless. On the other hand, architectural and technical studies relating to the construction of a building to house the Archives Centre in Nkozoa whose call to tender had been declared unsuccessful in 2012 and re-announced in 2013 were executed in 2014.

CHAPITER 2. MANAGEMENT AND CAPACITY-BUILDING ACTIVITIES

In 2014 the management and capacity-building activities of the Audit Bench were carried out within the context of internal workshops on the one hand and through international cooperation on the other hand

Section 1 : Internal workshops

Two workshops were organized for staff of the financial jurisdiction in 2014 :

- the training workshop on management control and evaluation of public policies;

- the training workshop on judicial control based on the new scheme of responsibilities of public accountants based on the concept of damage.

Sub-section 1. Training workshop on management control and evaluation of public policies

Organized from 21 to 25 April 2014, this workshop was facilitated by Judges from the *Cour des Comptes* of France and officials of the Audit Bench of the Supreme Court of Cameroon.

Opening the proceedings of this workshop, the President of the Audit Bench stressed its importance by recalling that the topic chosen was within the context of the prospect of the implementation of instruments relating to the control of public finance at the national and international levels, namely :

- Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State which institutes the results-based programme budget;
- decree No. 2013/160 of 15 May 2013, relating to the General Rules governing public accounting ;
- CEMAC Guideline No. 01/11-UEAC-190-CM-22 in application of which the aforementioned Decree No. 2013/160 du 15 May 2013 was signed and Guideline No. 06/11-UEAC-190-CM-22 of 19 December 2011, which are more specific on the competence of the financial jurisdiction in management control.

To ensure better understanding of this subject by participants, the experts focused their papers on four sub-topics :

- the general methodology of control ;
- performance, theory and practice ;
- points of method on the examination, contradiction and drafting of reports ;
- evaluation of public policies.

Sub-section 2. Training workshop on judicial control based on the concept of damage

The principle of personal and financial liability of public accountants is laid down in section 48 of Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court.

This refers to the presumed liability of the public accountant which is based on an objective control of the balance of the account, regardless of the circumstances of the implementation of the established default. In this regard, the accountant cannot be exonerated as a result of the occurrence of a force majeur.

With the internalization of CEMAC Guidelines through decree No. 2013/160 of 15 May 2013 concerning the General Rules on public accounting, the public accountant is under the fault liability regime. In making his assessment, consideration is made of both the circumstances of the offense which can induce the fault of the accountant and the damage caused by the agent to the relevant public entity.

That was the focus of the workshop that held from 21 to 27 May 2014 at the Mont Febe Hotel in Yaounde and whose proceedings dwelled on :

- the identification and determination of the financial damage ;
- the circumstances of the realization of the said damage which induce the fault of the accountant ;
- the resulting sanction: fine, balance due or both.

Several case studies were examined. The result is that, on the one hand, the financial damage involves a loss or shortfall in financial revenue or expenditure and on the other hand a fine may be imposed on the accountant for breach of the accounting obligations which he is bound to meet even if the damage is not established.

Sub-section 3. Training seminars for secretaries and executive assistants

On 25 April 2014, four secretaries of the financial jurisdiction took part in a training seminar for secretaries and executive assistants organized by the Cameroon Association of Secretaries and Executive Assistants on the following topics:

- New requirements, new skills ;
- how to manage the problem of secretaries.

Sub-section 4. Supervision of ENAM students (pupil magistrates and registrars)

Another component of training within the financial jurisdiction concerned students from the National School of Administration and Magistracy (ENAM) that is, pupil magistrates and registry administrators of the 2012-2014 class.

The ten (10) pupil magistrates were the second batch of accounts judges being trained at ENAM.

After being familiarized at the Audit Bench with its organization, functioning and deontological framework, these future magistrates worked both at the bench and at the Legal Department, among other issues on :

- the preparation of a questionnaire ;
- judicial control of accounts ;
- control on documents ;
- drafting of examination reports ;
- application of the liability of accountants ;
- hearings ;
- procedure of de facto management ;
- drafting of rulings, submissions among other judicial decisions.

The training of the registry administrators, thirty (30) in number, focused on the following points among others :

- the organization and functioning of the Registry of the Audit Bench ;
- the missions of division registries ;
- the production of accounts ;
- the archiving of supporting documents ;

- the organization and functioning of the Legal Department within the financial jurisdiction ;
- notification of rulings and execution of decisions taken by the Audit Bench.

Section 2 : International cooperation

During the 2014 financial year, there were two study trips to Algeria and Morocco.

Sub-section 1. Study and exchange trip to the *Cour des Comptes* of Algeria

From 3 to 10 May 2014, a delegation of the Audit Bench led by the Senior Advocate General composed of Legal and Judicial Officers, audit assistants and a registrar undertook a study and exchange trip to the *Cour des Comptes* of Algeria.

During this mission, exchanges were mainly on the presentation of the *Cour des Comptes* of Algeria, its establishment, evolution over the years and its missions. As history, the *Cour des Comptes* of the Peoples' and Democratic Republic of Algeria was established in 1976 by the Constitution. It was through Law No. 80/05 of 1 March 1980 that it commenced its activities. It has been reformed several times over the years. In 1990, Law No. 90/32 withdrew the judicial aspect from her and assigned her simply an advisory role; its members therefore lost their capacities as judges. It was by Ordinance No. 95/20 of 17 July 1995 that it was reorganized and once again recognized as a financial jurisdiction. It was again reassigned judicial control and its members reinstated as judges.

The *Cour des Comptes* of Algeria is composed of seventeen (17) members including eight (8) at the national level and nine (9) at the territorial level to which is added the Budget and Financial Discipline Board (CDBF).

Its organization includes a bench, a Legal Department, a Secretariat General and a Central Registry.

The bench includes the President of the *"Cour des Comptes"*, the Vice President, the Bench Presidents, the Division Presidents, Judges, Auditors and Verificators.

A legal framework determines the status and career profile of auditors. Most of the judges of this financial jurisdiction come from this corps.

For the renewal of its human resources, the *Cour des Comptes* recruits its staff from all professional corps.

The role of the Legal Department within the *Cour des Comptes* of Algeria is ensured by a *Censorat* headed by a Censor General assisted by Censors.

The *Cour des Comptes* has a Central Registry structured into four services :

- reception of accounts ;
- registration and data capture ;
- notification of judicial and administrative decisions ;
- archives.

The registries of national benches and territorial registries are under it.

The central administration is headed by a Secretary general who ensures the financial management of the *Cour des Comptes*. It is composed of :

- a Department of Technical Analysis and Control ;
- a Department of Studies and Data Processing ;
- Department of Administration and Means.

The *Cour des Comptes* of Algeria exercises full jurisdiction in matters generally devolving on financial jurisdictions, judgments of accounts of public accountants, control of authorizing officers and sanction of mismanagement through the Budget and Financial Disciplinary Board.

Sub-section 2. Audit Bench mission to Rabat in Morocco

With the help of the European Union through the Support Programme for the Reform of Public Finance (PARFIP), some Audit Assistants of the Audit Bench spent time at the *Cour des Comptes* of the Kingdom of Morocco from 18 to 29 May 2014.

They used this opportunity to deepen their knowledge and build their professional capacities in matters of :

- judicial control ;
- discovery and clearance of de facto management ;
- management control ;
- control techniques and methodologies.

Part Two

EXECUTION OF MISSIONS OF THE AUDIT BENCH IN 2014

CHAPTER 1 : JUDICIAL CONTROLS

Section 1. Control and judgment of accounts of public accountants in the various Divisions of the Audit Bench

Judicial control of accounts relates to management accounts of principal Treasury accountants at the head of the thirteen (13) financial districts of the State, Council Revenue Collectors and Accounting Officers attached to Administrative Public Establishments. It also has to do with control activities carried out within the framework joint sessions of the Divisions.

Judicial control depends on the production of accounts.

Sub-section 1. Production of management accounts in 2014

According to the terms of section 26(2) of Law No. 2003/005 of 21 April 2003 referred to above, *"Accounts produced by certified accountants, finalized and examined in accordance with the instruments in force, shall be submitted to adjudication to the Audit Bench within 3 (three) months following the closing of the financial year."*

Section 31(2) of Law No. 2009/011 of 10 July 2009 relating to the Financial Regime of Regional and Local Authorities indicates "*However, a complementary period running from 1 to 31 January of the following year shall be granted to Regional and Local Authorities for the settlement of current operations at the close of the financial year*."

Article 26 of Decree No. 2013/160 of 15 May 2013 on the General Regulations on Public Accounting on its part provides that " *State accounts and management accounts of principal accountants shall be produced at the Audit Bench latest three (3) months after the end of the complementary period following that to which they refer*" .

By taking into account a complementary period of two months, the Audit Bench maintained 31 May 2014 as the deadline for the deposit of State accounts, accounts of Administrative Public Establishments and Regional and Local Authorities at the Registry of the financial jurisdiction.

Contrary to the situation presented in the preceding annual reports, the table below gives information both with regard to the production of accounts of the 2013 financial year expected in 2014 and on the arrears of accounts of public accountants of the State, Regional and Local Authorities and Administrative Public Establishments that were not produced during the 2004 financial year.

Table 3. Annual production of management accounts in 2014

Item		2012		2013		2014	
		Accounts of previous fin. years	Accounts of the fin. year	Accounts of previous fin. years	Accounts of the fin. year	Accounts of previous fin. years	
Public accoun-tants of the State	Accounts produced	08		13	05	13	Nil
	Accounts expected	13		13	05	13	Nil
	Rate of production (%)	61,53		100		100	
Council Revenue Collectors	Accounts produced	228		31		88	
	Accounts expected	374	2 507	374	2 653	374	3002
	Rate of production (%)	60,96		08,28		23,52	
Accoun-ting Officers of Public Establi-shments	Accounts produced	19	29	21	32	18	29
	Accounts expected	97	337	97	386	97	427
	Rate of production (%)	19,58		21,64		18,55	

This table reveals that all the thirteen (13) accounts of the public accountants of the State were produced by 31 December 2014 just like in preceding financial years.

On the other hand, a good number of accounts of Council Revenue Collectors and Accounting Officers of Administrative Public Establishments have not been produced at the financial jurisdiction since the 2004 financial year.

Thus, for Council Revenue Collectors, the number of accounts not produced stands at 3002 despite the increase in the rate of production observed in 2014 (23.52 %) in relation to the preceding year (8.28 %).

As concerns management accounts of Accounting Officers of Administrative Public Establishments, the upward trend in the production of accounts observed in 2013 did not continue. In fact, the rate of production of accounts dropped from 21.64 % in 2013 to 18.55 in 2014, which takes to 427 the number of accounts that were not produced since 2014.

Sub-section 2. Judgment of management accounts in 2014

A. Examination of accounts

The table below presents the situation of the examination of management accounts of accounting officers of public accountants of the State, Regional and Local Authorities and Administrative Public Establishments as at 31 December 2014 :

Table 4. Examination of management accounts of public accountants by 31 December 2014

Designation	Item		2012	2013	2014
Public accountants of the State	Examination reports	In view of fine		_	0
		In view of ruling	8	33	28
		In view of the declaration of de facto management	–	–	–
	Sub-total 1		***8***	***33***	***28***
Accounts of Council Revenue Collectors	Examination reports	In view of fine	124	58	23
		In view of ruling	42	136	116
	Sub-total 2		***166***	***194***	***139***
Accounting Officers of APE	Examination reports	In view of fine	2	_	0
		In view of ruling	16	39	63
	Sub-total 3		***18***	***39***	***63***
Total (1+2+3)			**192**	**266**	**230**

In 2014, the examination of accounts resulted in 230 examination reports including 28 for the control of public accountants of the State, 139 for that of the accounts of Council Revenue Collectors and 63 for accounts of Accounting Officers of Administrative Public Establishments which translates into a drop of 13.54 % in relation to the examination reports produced in 2013 during which the number of reports increased by 38.54 %.

B. Rulings rendered in Divisions

In 2014, the rulings rendered in Divisions were 186 in number including 165 interim rulings and 21 final rulings. In relation to 2013, the production of rulings witnessed a slight increase of 4.30 %.

The table below presents the evolution of the number of rulings rendered by sessions during the past three financial years.

Table 5. Rulings rendered in Divisions as at 31 December 2014

Item			2012	2013	2014
Division in charge of control and ruling on accounts of State accountants	Interim rulings	of fine			0
		of injunction	10	25	15
	Final rulings	of debit	1	1	0
		of fine	-		0
		of discharge	-	1	0
	Sub-total 1		***11***	***27***	***15***
Division in charge of control and ruling on accounts by accountants of Regional and Local Authorities	Interim rulings	of fine	127	5	11
		of injunction	48	84	123
	Final rulings	of discharge	13	4	0
		of fine	32	7	20
		of discharge	7	19	0
	Sub-total 2		***227***	***119***	***154***
Division in charge of control and ruling on accounts of accountants of public establishments	Interim rulings	of fine	2	1	0
		of injunction	7	22	16
	Final rulings	of debit	5	5	1
		of fine	2		0
		of discharge	2	3	0
		Of de facto management		1	0
	Sub-total 3		***18***	***32***	***17***
Total (1+2+3)			**256**	**178**	**186**

In total, 186 rulings were rendered in the Divisions including 154 interim rulings of injuctions, 11 of fine, 20 final rulings of condemnation to pay a fine, and 1 ruling for a debit.

Sub-section 3. Judgment of accounts in joint sessions

In 2014, the Audit Bench received six (6) files including three (3) for judicial review of judgments by the jurisdiction and three (3) from the Supreme State Audit Service.

On 31 December 2014, the joint sessions rendered three (3) final rulings against ten (10) final rulings in 2013 and twelve (12) final rulings in 2012.

All the appeals for judicial review were declared inadmissible for diverse reasons. Extracts of two of these rulings are published in Part Three of this report.

Section 2 : Irregularities sanctioned during the judgment of accounts of public accountants

Single sub-section. Sanctioned irregularities

Irregularities were noted on the accounts in figures and on supporting documents.

A. Irregularities on accounts in figures

They concern :

- absence of minutes of integration of inactive assets ;
- infidelity in the sequencing of balances ;
- absence of general ledger, absence of minutes of cash balance as at 31 December of year N, absence of a statement of execution of revenue and expenditure ;
- absence of income statement and balance sheet ;
- discrepancies between the figures entered in the management and administrative accounts ;
- discrepancies between the figures entered in the trial balance, the administrative account and statement of execution of revenue and expenditure ;
- absence of a statement of banking concordance and its annexes.

B. Irregularities detected during the examination of supporting documents

They are related to :

1- **A Budget head**

- violation of the principle of specialty of appropriation;
- wrong budget head.

2- **Missions**

- absence of mission order ;
- absence of clearance or erroneous clearance ;
- overrun of the mission days provided by instruments (100 days/year) ;
- overlapping missions ;
- place of mission not indicated ;
- absence of mission departure and return stamps ;
- wrong calculation of the number of mission days ;
- overrun of rate of mission allowance provided by the instruments in force ;
- payment of mission allowance instead of touring allowance ;
- mission order signed by a non-competent authority ;
- mission order signed by the beneficiary themselves.

3- **Public procurement**

- absence of receipts ;
- absence of purchase order, copies of registered contracts or jobbing orders ;
- absence of certification of service rendered ;
- absence of payment in full discharge ;
- absence of acceptance report and delivery slip ;
- unstamped bill.

4- **Payment of taxes and dues stopped at source**

- absence of receipt of payment of accounted taxes and dues.

5- **Salaries, allowances and other benefits paid to staff**

- absence of pay-sheet or non-compliant pay-sheet ;
- availability of funds ;
- undue benefits ;
- absence of recruitment decision of beneficiary ;
- absence of proof attesting that the funds reached the legitimate beneficiary.

6- **Subsidies**

- absence of the articles of association of the beneficiary structure ;
- absence of resolution from deliberating organ ;
- undue subsidies to churches and political parties.

7- **Imprest funds and revenue offices**

- absence of decision creating an imprest fund ;
- absence of a decision appointing manager of an imprest fund ;
- creation of an imprest fund by a non-competent authority.

CHAPTER 2. EXTRA - JUDICIAL MISSIONS

The extra-judicial missions of the Audit Bench include the control of accounts of public and semi-public enterprises (PSPE) and assistance and counsel to public authorities.

Section 1 : Administrative controls

Single Sub-section. Control of accounts of public and semi-public enterprises (PSPE)

The extra-judicial control by the Audit Bench is performed on the entities referred to in section 8 of Law No. 2003/005 of 21 April 2003 to lay down jurisdiction, organization and functioning of the Audit Bench. This refers especially to structures whose accounting is subject to OHADA accounting law.

As at 31 December 2014, the Audit Bench counted sixty-three (63).

A. Production of accounts

The accounts of PSPE are made up of financial statements which, according to article 8 of the Uniform Act on the organization and harmonization of accounting of enterprises, *include the balance sheet, the income statement, the financial table of revenue and expenditure as well as the attached statement*.

PSPE are bound to transmit their financial statements to the Audit Bench not later than 30 September of the year following that to which it refers.

Table 9. Production of financial statements as at 31 December 2014

Item	2012		2013		2014	
	Accounts of the fin. year	Accounts of preceding fin. years	Accounts of the fin. year	Accounts of preceding fin. years	Accounts of the fin. year	Accounts of preceding fin. years
Accounts produced	6	6	6	23	5	21
Accounts expected	63	343	63	394	63	428
Rate of production	9.5 %	-	9.5 %	-	7.9 %	-

During the 2014 financial year, twenty-six (26) accounts were produced at the financial jurisdiction including five (5) concerning the 2014 financial year which gives a production rate of 7.9 %. The other twenty-one accounts concern the preceding financial years. In total in 2014, the production of 428 financial statements of enterprises of the public and semi-public sector was still expected.

B. Situation of controls performed

In 2014, the competent Division of the Audit Bench adopted eight (8) interim observation reports and five (5) final observation reports.

Table 10. Situation of observation reports of the Audit Bench as at 31 December 2014

No.	Structures	Financial years	Share capital
I. Interim observation reports			
01	Société Hotelière du Littoral (SOHLI)	2004-2007	1 000 000 000
02	CAMEROON CAMTAINER(CAMTAINER SA)	2004- 2009	636 100 000
03	SODECOTON	2004-2005	4 529 400 000
04	CAMEROON HOUSING LOANS FUND	2004-2005	10 000 000 000
05	CAMPOST	2004-2005	1 000 000 000
06	LABOGENIE	2004-2007	-
07	SNI	2004-2005	7 000 000 000
08	CAMTEL	2006-2009	50 000 000 000
II. Final observation reports			
01	NATIONAL PRINTING PRESS	2004-2009	-
02	AYABA HOTEL	2006-2008	4 034 939 404
03	CIMENTERIES DU CAMEROUN (CIMENCAM)	2004	5 600 000 000
04	Rural and Urban Land Development Agency (MAETUR)	2004-2005	200 000 000
05	CAMEROUN REAL ESTATE DEVELOPMENT CORPORATION (SIC)	2004-2005	1 000 000 000

Section 2 : Missions of assistance and counsel of the Audit Bench

Missions of assistance and counsel of the Audit Bench to public authorities concern on the one hand, exchange, dialogue and consultation activities and on the other hand opinions and reports.

In this regard in 2014, the work of the platform of dialogue between the Ministry of Finance and the financial jurisdiction, the forums organized with the two Houses of Parliament or with the media and civil society, the 2013 annual report, the opinion on the settlement bill and the certification report on the General Account of the State of the 2013 financial year, the certification of revenue reporting forms by extractive sector of government structures and public entities for the 2013 financial year fall into this context.

Sub-section 1. Permanent Consultation Framework between the Audit Bench and the Ministry of Finance

Within the context of its annual work, members of the Permanent Consultation Forum met in three sessions.

The following topics were discussed :

- The clearance of bills collectible on fiscal revenue within the context of the preparation of the opening balance of the General Accounts of the State ;
- application of the principle of established rights and change-over to accrual accounting ;
- the implementation of accounting reforms within the Directorate General of the Treasury, Financial and Monetary Cooperation ;
- presentation of the settlement law within the context of programme budget ;
- opinion on the settlement bill for the 2013 financial year.

The exchanges and discussions on these topics resulted in the adoption of the following resolutions and recommendations :

- organization of a joint mission with the Directorate General of Taxes/ Directorate General of Customs/Directorate General of the Treasury, Financial and Monetary Cooperation for the clearance of bills collectible from fiscal debts ;
- the reactivation of the commissions for admission as non-value of

irrecoverable values ;

- opening in accounting stations of auxiliary ledgers for the monitoring of expenditure committed in advance of treasury (expenditure done without supporting documents through disbursements of funds based on the ministerial decisions or authorizations) ;
- preparation at the level of the DGTCFM of a nomenclature of revenue and expenditure supporting documents ;
- organization of capacity-building seminars for tax revenue collectors and Accounting Officers ;
- acceleration of the work on accounting reform ;
- reduction of the deadline for transmission of accounts of the settlement bill and its annexes ;
- conduct of reflection by the Ministry of Finance to streamline instruments organizing special appropriation accounts.

Sub-section 2. Exchange forums with Parliament

The Audit Bench held four exchange forums with the Finance and Budget Committees of Parliament during the 2014 financial year.

2.1. Exchange forum with the Finance and Budget Committee of the Senate

On 3 July and 24 November 2014, the Audit Bench of the Supreme Court and the Senate held two exchange forums with the participation of the Ministry of Finance, the Ministry of the Economy, Planning and Regional Development, the Supreme State Audit Services, the National Agency for Financial Investigation, the National Anti-Corruption Commission and the European Union.

Two presentations were made on 3 July 2014 on *"the certification report of the General Account of the State"*, and *"special appropriation accounts"*.

The first paper enabled the participants to exchange on the new missions of the financial jurisdiction and Parliament pursuant to the provisions of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State, Decree No. 2013/160 of 15 May 2013 on the General Rules governing public accounting and the CEMAC Guidelines.

The discussions centred on :

- transmission deadlines to the financial jurisdiction of the General account of the State for the 2013 financial year ;

- the content of the said account ;
- carry-forward of closing balances of the 2012 financial year to the opening balances of the 2013 financial year ;
- carry-forwards to the operating account ;
- respect of accounting principles ;
- interactions between the balance and financial statements ;
- equity ;
- treatment of fixed assets in the balance sheet of the 2013 financial year ;
- adjustment accounts, cash assets and liabilities, the balance sheet and cash flow table ;
- equity securities.

The second paper resulted in a reminder of budgetary principles such as the yearly nature of the budget, unity, specialty, universality, transparency and mention of such subjects as:

- the under consumption of resources of special appropriation accounts ;
- the creation of special appropriation accounts without the corresponding resources ;
- granting subsidies not authorized by a finance law ;
- surplus revenue not returned into the general budget ;
- payment of salaries and various benefits from special appropriation accounts in violation of the law.

2.2. Exchange forums with the Finance and Budget Committee of the National Assembly

These forums respectively took place on 25 June and 21 November 2014.

An exchange forum took place on 25 June 2014 between the Audit Bench of the Supreme Court and the Finance and Budget Committee of the National Assembly. The following topics were the subject of discussions between the Members of the National Assembly and the financial judges.

- Summary of the certification report on the General Account of the State for the 2012 financial year ;
- Special appropriation accounts.

The same parties met again on 21 November 2014 at the National Assembly where the financial jurisdiction presented to members of this House its annual report for the 2012 financial year and also talked to them on the asymmetric liabilities of actors in the execution of the budget.

With regard to the annual public report of the Audit Bench for the 2012 financial year, the concerns of the Honourable members of the Finance and Budget Committee had to do with :

- the insufficient production of management accounts to the Third Division ;
- the non-respect of the mandate of statutory organs of administrative public establishments and public and semi-public enterprises ;
- saturation of the office space of the Audit Bench, accelerated by the increase in staff numbers ;
- the non-respect of some accounting principles and rules during the drafting of the settlement bill ;
- the variation between the budget balance in the 2013 settlement bill and the budget balance brought out by the Audit Bench ;
- inadequacy between the modest increase of budgetary resources of the Audit Bench and the increasing number of its mission ;
- the non implementation up till now by public authorities of recommendations relating to the keeping and production of management accounts by public accountants of the State, as well as the legal and statutory provisions governing the organization and functioning of public and semi-public enterprises ;
- the late transmission of the settlement bill to the Audit Bench ;
- the non communication, on time of the settlement bill and the certification report on the General Account of the State to the Finance and Budget Committee of the National Assembly.

On the other hand, they noted with satisfaction progress with regard to :

- to the increase in staff by the posting to the Audit Bench of university graduates trained and assigned to work as Audit Assistants;
- the production of accounts of Regional and Local Authorities;
- the impact of the work of the Audit Bench at the source of a campaign that helped in the recovery of the sum of 5 336 481 222 CFA francs out of an estimated 10 billion CFA francs;
- clearance through compensation of bills collectible of 188 283 831 574 CFA francs in application of cross debt agreements.

On paper No.2 relating to the asymmetrical liability of actors in the execution of the budget, the preoccupations of the honourable members of the Finance and Budget Committee concerned:

- the absence of a conflict management mechanism between authorizing officers and accountants ;
- the transfer of competences from the accountant to the authorizing officer without a transfer of liability ;
- asymmetric sanctions of actors of execution of the budget of the State ;
- the risks linked to the reform of public finance.

After presentation of the two papers and exchanges, the participants recommended :

On the presentation of the annual report of the Audit Bench for the 2012 financial year that,

- the opinion of the Audit Bench on the settlement bill and certification report on the General Account of the State be put at the disposal of members of the Finance and Budget Committee of the National Assembly at the same time as when the settlement bill is being deposited at the Bureau of the National Assembly ;
- the annual report of the Audit Bench be made available to members of the Finance and Budget Committee just after its preparation ;
- human, material and financial resources made available to the Audit Bench be compatible with the missions it is assigned ;

On the asymmetrical liability of actors of budget execution,

- the transfer of competences from the accountant to the authorizing officer followed by the transfer of pecuniar and personnal responsability ;
- a better management of conflicts between the authorizing officer and the accountant ;
- reinforcing the institutional weight of the principal accountant ;
- the re-establishment of the bilateral bridge between the Budget and Accounts Disciplinary Board and the Audit Bench ;
- the need to review instruments relating to control of public finance in the light of the CEMAC Guidelines, especially :
    - the decree on the General Rules governing public accounting;
    - the decree on the Budget and Accounts Disciplinary Board;
    - the law on the Fiscal Regime of the State ;

- the law on the Fiscal Regime of Regional and Local Authorities;
- the law on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court ;

- internalization of the CEMAC Guidelines in national financial legislation.

Sub-section 3. Opinions and reports

3.1. 2013 Annual Report

According to section 3 of Law No. 2003/005 of 21 April 2003 referred to above," *The Audit Bench shall submit to the President of the Republic, the President of the National Assembly and the President of the Senate an annual report setting out the general results of its deliberations and pertinent observations with a view to reforming and improving upon the keeping of accounts and the discipline of accountants"*.

In application of these provisions, the annual report of 2013 was transmitted to the President of the Republic, the President of the Senate and the President of the National Assembly.

3.2. Opinion on the settlement bill and the certification report of the General Account of the State for the 2013 financial year

3.2.1. Opinion and certification report

Within the framework of the accomplishment of its missions, the Audit Bench issued Opinion No. 001/2014/CSC/CDC of 17 November 2014 on the settlement bill for the 2013 financial year and rendered Certification No.001/2014/CSC/CDC of 17/11/2014 on the General Account of the State for the same financial year.

The observations of the Audit Bench contained in the Certification Report as well as those in the Opinion are presented in the last part of this annual report.

In accordance with the provisions of article 126 (5) of Decree No. 2013/160 of 15 May 2013 mentioned above, the opinion and report were transmitted to Parliament.

Sub-section 4. Information day with civil society representatives and media correspondents

An information day was organized between the Audit Bench of the Supreme Court, representatives of civil society organizations and media correspondents during which participants discussed the following topics:

- the role of civil society organizations in the improvement of the management of public finance ;
- the code of ethics of staff of financial jurisdictions.

The paper on the first topic helped in the delineation of the concept of civil society, its evolution at the national and international levels, its tools of expression before determining its role in the management of public finance from the vote of the budget, through its execution and control.

Through the second paper, the Audit Bench put at the disposal of media representatives a code of conduct, a document bringing together rules of conduct applicable to its staff. This tool should enable all social actors and especially civil society and the media to carry out external control on the financial jurisdiction, on the respect of the code of ethics in its task of control of public accounts with full knowledge.

Sub-section 5 : Public presentation of the annual report

This public presentation of the annual report is meant for the wider public made up of citizens and other persons who participate in public expenditure according to their capacity.

In return, they are justified to ask for account to be rendered by the government based on the cardinal exigency found in the Universal Declaration of Human and Civil Rights of 26 August 1789.

It is within this context that on 21 December 2014 the Audit Bench publicly presented its annual report for the 2013 financial year.

The following took part in this ceremony :

- the Treasurers-Paymasters General of the thirteen financial districts, representatives of City Councils, Sub-divisional Urban Councils, Councils and Council Revenue Collectors ;
- personalities from various horizons ;
- development partners ;
- citizens from various social categories ;
- representatives from civil society organizations ;
- written and electronic media.

Three points marked this presentation :

- the opening ceremony during which the President of the Audit Bench justified its organization and recalled the conditions of the execution of final rulings of the Audit Bench ;
- presentation of a summary of the report ;
- Exchanges between the President of the financial jurisdiction and the media on the following topics :
- low level of production of accounts ;
- main irregularities discovered in the various controls as well as the sanctions taken ;
- transformation of the Audit Bench into an Accounts Court ;
- the date of the implementation of the Regional Accounts Courts ;
- reservations of the Audit Bench in the settlement bill for the 2013 financial year leading to the vote of the said law ;
- the incompatibility between the volume of the activities of the Audit Bench and the human and financial resources allocated to her ;
- the diversity of public finance organs.

Part Three

DECISIONS OF THE AUDIT BENCH IN 2014

CHAPTER 1. JUDGMENTS

Section 1 : Debit Ruling No. 16/AD/S3/14 of 16 June 2014

Management account of the Cameroon Rural Electrification Agency (AER) - 2005 financial year - Accounting Officer Mr. S.M - Balance due.

In this final ruling No. 16/AD/S3/14 rendered on 16 June 2014, the Audit Bench noted in the above management :

- A deficit of 4 149 069 CFA francs between the cash in the document titled “Management account 2005” and the closing balance of the trial balance of accounts ;
- payment to the Chairman of the Board of Directors of the sum of 10 000 000 CFA francs as fees and entertainment allowance without legal basis ;
- irregular payments to staff of the sum of 6 110 000 CFA francs as mission allowances ;
- the splitting of a jobbing order into purchase orders of the sum of 8 290 292 CFA francs ;
- absence of supporting documents for a total amount of 21 510 750 CFA francs casting doubt on the validity of the debt ;
- payment of an expenditure on the basis of an inappropriate budget head ;

The accountant not having brought a response to justify all these irregular payments, the Audit Bench confirmed the injunction for the future for the payment of an expense on the basis of an inappropriate head and for all other expenses considered the accountant debtor vis-à-vis the Cameroon Rural Electrification Agency for a total of 49 988 385 CFA francs.

Section 2 : Rulings on appeals for review

1°- Ruling No. 01/D/CSC/CDC/SR of 18 September 2014

“ Whereas by appeal dated 24 February 2014 received at the Audit Bench under No. 131 Mr. N. E. D., General Manager of Cameroon Telecommunications (CAMTEL) seised the President of the Audit Bench of an appeal worded as follows :

"May it please the President :

Mr. D. N. E., General Manager of Cameroon Telecommunications (CAMTEL), public corporation having its head office at the CAMTEL Tower, No. 02 20 May boulevard , P.O. box. 1571, Yaounde, Cameroon, who elects domicile at the above address for the present and subsequently;

HAS THE HONOUR TO PRESENT THE FOLLOWING :

That by correspondence No. 03/CSC/CDC/G/Ar of 02 January 2014, the Registrar-in-Chief of the Audit Bench of the Supreme Court of Cameroon notified him of a copy of Ruling No. 07/ROD/S4 rendered on 14 November 2013 by the said Bench on the financial statements of CAMTEL for the 2004 financial year.

That with regard to this ruling, he seeks the benefit of the provisions of section 71(1) of Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court of Cameroon which provides that *"Notwithstanding the final ruling on an account, the Audit Bench may, due to a mistake, an omission, forgery or duplication discovered after the ruling is passed, review such ruling of its own motion or at the request of either the accountant, the Minister in charge of finance or the legal representatives of the relevant public bodies or at the instance of the Procureur General of the Supreme Court"*

That he seeks the review of Ruling No. 07/ROD/S4 of 14 November 2013 by the Audit Bench of the Supreme Court on the financial statements of CAMTEL for the 2004 financial year;

That in support to this request, he argues that this ruling is marred by serious errors and prejudicial omissions constituting a case for review within the meaning of section 71(1) referred to above;

Whereas the presentation of facts and the means raised in this regard (I) will convince your august Court on the fact that all the sums imputed for this financial year were done by error;

That these irregularities constituting substantial errors were committed because the Judge Rapporteur, for important expenditure of more than 5 billion francs, did not ask for the supporting documents he solicited and available at CAMTEL and unjustly imputed them;

That with regard to the financial and accounting statements for the 2004 financial year (II) are in compliance with the budget voted by the Board of Directors for the said financial year and consequently your Court could, at the end of this appeal, grant a discharge for the financial year and order a total discharge of Cameroon Telecommunications (CAMTEL)."

<u>On the admissibility of the appeal</u>

Whereas Law No. 2003/005 of 21 April 2003 above provides that :

<u>Section 71</u>. - *There are two forms of appeal against judgments passed by the Audit Bench, namely : quashing of judgments and review.*

<u>Section 73</u>. - (1) *Notwithstanding the final ruling on an account, the Audit Bench may, due to a mistake, an omission, forgery or duplication discovered after the ruling is passed, review such ruling of its own motion or at the request of either the accountant, the Minister in charge of finance or the legal representatives of the relevant public bodies or at the instance of the Procureur General of the Supreme Court.*

(2) The petition shall be reasoned and addressed to the President of the Audit Bench. It shall include :

- a statement setting out the facts and grounds of appeal ;
- a copy of the judgment for which review is sought ;
- supporting documents, including evidence of notification of the petition to the other parties involved.

" <u>Section 76</u>.- (1) *A petition for review must be lodged within 6 (six) months of service of the judgment on the accounting officer.*

It ensues that the appeal for review is open against rulings for "final rulings on an account " in other words, only rulings on accounts that have had a final nature of the account of certified or de facto management and ruled on the accounting situation pursuant to section 33 of Law No. 2003/005 of 21 April 2003 referred to above, at the end of the ruling process of the judgment of accounts of public accountants ;

That, in any case, to be admissible an appeal must be :

- directed against a final judgment on an account ;
- based on at least one (1) of the four (4) cases provided for by the law: mistake, omission, forgery or duplication discovered after the contested ruling is passed ;
- made through a reasoned request addressed to the President of the Audit Bench and including :
  - a statement setting out the facts and the grounds of appeal by the appellant ;

- a copy of the judgment for which review is sought ;
- supporting documents, including evidence of notification of the petition to the other parties involved ;
- be lodged within six (6) months from the date of notification of the judgment to the accountant.

Whereas all these admissibility conditions which form part of the nature of the contested decision, in case of review, in the form of the request and the deadline granted are concurrent.

That the default of one or all of them draws the consequence ;

Whereas in this case, it emerges from the appeal for revision submitted by Mr. D.N.E. General Manager of Cameroon Telecommunications (CAMTEL) that his appeal is directed not against a final ruling by the Court but against final observation report No. 07/ROD/S4 dated 14 November 2013 notified to him by letter No. 03/CSC/CDC/G of 02 January 2014 by the Registrar-in-Chief of the Audit Bench, an administrative communication not open to appeal as stated in section 71 of Law No. 2003/005 of 21 April 2003 mentioned above and a copy of which is not attached to his petition as provided for by the law ;

It follows that this appeal for review is inadmissible :

For these reasons

Taking a final ruling,

HEREBY ORDERS AS FOLLOWS

Article 1 : The appeal for review submitted by Mr. D. N. E., General Manager of Cameroon Telecommunications (CAMTEL) is declared inadmissible;

Article 2 : This judgment shall be notified to:

- the above named,
- the Minister of Posts and Telecommunications and the
- Minister of Finance,

Thus judged, pronounced in a public hearing on the same day, month and year as above.

2°- Ruling No. 02/D/CSC/SR of 18 September 2014 (excerpt of the judgment)

"Considering the appeals for revision of Judgment No. 06/AD/S3/12 of 30 May 2012 above subject of :

- petition dated 22 September 2012 by the Barrister Patrice MONTHE, President of the Bar Council, acting on behalf of Mr. Michael NDOPING, Director General of the National Cocoa and Coffee Board (NCCB), received on 27 September 2012 and registered under No. 435 at the secretariat of the President of the Audit Bench ;
- petition dated 09 October 2012 from Barrister Ibrahim HALILOU, acting in the name and on behalf of Mr. NANA Abdoulaye, Deputy Director General of the National Cocoa and Coffee Board (NCCB) received on 22 October 2012 and registered under No. 576 at the secretariat of the President of the Audit Bench, and
- petition from Mr. NGANGOM Jean Ledoux, former Accounting Officer of the National Cocoa and Coffee Board (NCCB) dated 12 August 2012 received on 03 September 2012 and registered under No. 143 at the President of the Audit Bench ;

………………………………………………………………………………

«Whereas on 28 September 2011, the Audit Bench of the Supreme Court sitting in ordinary hearing of the Third Division rendered interim ruling No. 15/AP/S3/11 the terms of which are :

« For these reasons,

Taking an interim ruling

Hereby decides as follows :

Article 1 : Nature of account: Reservation.

Article 2 : fifteen (15) firm injunctions of an amount of four hundred and eighty seven million sixty eight thousand six hundred and seventy one (487 068 671) CFA francs ;

Article 3 : Accounting Officer N. J. L: three hundred and six million three hundred and fifty five thousand seven hundred and forty seven (306 355 747) CFA francs ;

Article 4 : Director General M. N: fifty one million forty thousand (51 040 000) francs CFA ;

Article 5 : N. A. : forty five million four hundred and forty thousand (45 440 000) CFA francs ;

Article 6 : A. R : nine million seven hundred and sixty thousand (9 760 000) CFA francs ;

Article 7 : B. M. E.: fifty three million five hundred and ninety eight thousand (53 598 000) CFA francs ;

Article 8 : T. F.: twenty million eight hundred seventy four thousand nine hundred and twenty four (20 874 924) CFA francs ;

Article 9 : stay of suspension of the discharge of Mr. N. J. L. up till the satisfaction of the injunctions pronounced ;

Article 10 : N. J. L., M. N., N. A., B. M. E., A. R., T. F. have a deadline of two months from the date of notification of the interim ruling to satisfy the injunctions which are addressed to them subject to sanctions provided for by regulations ;

Article 11 : This judgment shall be notified to N. J. L., M. N., N. A., B. M. E., A. R., T. F ;

That on 30 May 2012, the Audit Bench sitting in ordinary session of the Third Division responsible for the control and ruling on accounts of administrative public establishments, made the following final ruling No.06/AD/S3/12 whose terms are as follows :

Article 1: Reservation on the nature of the account ;

Article 2 : Eight (08) balances due for an amount of two hundred and twenty two million five hundred and thirty seven thousand four hundred and five (222 537 405) CFA francs :

- Mr. N. J. L : one hundred and twenty six million fifty seven thousand four hundred and five (126 057 405) CFA francs ;
- Mr. M. N.: fifty one million forty thousand (51 040 000) CFA francs;
- Mr. N. A.: forty five million four hundred and forty thousand (45 440 000) CFA francs ;

Article 3 : An injunction for an amount of fifty three million five hundred and ninety eight thousand (53 598 000) CFA francs against Mr. B. M. E. is removed from the roll for a more profound control ;

Article 4 : four (4) injunctions for the feature are pronounced ;

Article 5 : Four (04) injunctions are lifted ;

Article 6 : stay of discharge of Messrs. N. J. L. and B. M. E ;

Article 7 : This judgment shall be notified to :

- Mr. N. J. L.,
- Mr. M. N.,
- Mr. N. A.,
- Mr. B. M. E.,
- The current Accounting Officer of the National Cocoa Board (NCCB) ;
- The Director General of the National Cocoa and Coffee Board (NCCB) ;
- Minister in charge of Trade ;
- Minister in charge of Finance.

"Whereas the various appellants raise in support of their appeals for review of judgment No. 06/AD/S3/12 of 30 May 2012 referred to above the following reasons :

1- Barrister Patrice MONTHE, former President of the Bar Council on behalf of M. N., the objection of illegality drawn from the necessary obsolete nature of the provisions of Decree No. 87/1141 of 20 August 1987 to fix the remuneration and perquisites of the staff of State Corporations, public establishments and semi-governmental corporations ;

- violation of the provisions of sections 2, 5, 6, 7 and following of Law No. 2003/ 005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court ;
- violation of the provisions of sections 39, 40, 41, 42, 43 and 44 of Law No. 2003/ 005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court ;
- violation of the provisions of section 16 of Law No. 99-16 of 22 December 1999 on the General Rules and Regulations governing public establishments, public and semi-public enterprises ;
- violation of article 7 of decree No. 87/1141 of 20 August 1987 to fix the remuneration and perquisites of the staff of State Corporations, public establishments and semi-governmental corporations ;

- violation of the provisions of sections 29 (3b) of Law No. 2003/ 005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court ;
- absence of guilty intention and absence of the fault of the appellant in this case ;
- violation of the provisions of section 53 Law No. 2003/ 005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court ;

2- <u>Barrister Ibrahim HALILOU, on behalf of N. A.,</u>

- violation of the provisions of section 7 and following of Law No. 2003/ 005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court;
- violation of the provisions of section 51 of the law referred to above;
- violation of the provisions of section 41 and following of Law No. 99-16 of 22 December 1999 on the General Rules and Regulations governing public establishments, public and semi-public enterprises;
- violation of decree No. 87/1141 of 20 August 1987 to fix the remuneration and perquisites of the staff of State Corporations, public establishments and semi-governmental corporations;
- violation of ministerial circular MINEFI No. 06/013/CF of 20 June 2006 ;
- violation of the general principle of law: when a standard refers the precision on its applicability to an inferior standard, the reverse is impossible ;

3/ <u>N. J. L.,</u>

- non consideration of the relevance of its allegations and statements developed both at the pleadings and the responses to the interim ruling, the Audit Bench stuck to its strict and rigorous application of instruments which reveal their incongruity and are sometimes outdated ;

That with regard to the appeal for review against the contested ruling, Barrister Ibrahima HALILOU proposes the same reasons repeated in the appeal for revisions of 12 October mentioned above ;

Admissibility of the submitted appeals

Whereas Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court provides :

“ Section 71 : There are two forms of appeal against judgments passed by the Audit Bench, namely: quashing of judgments and review

Section 72 : (1) The Procureur General at the Supreme Court, on the instruction of the Minister of Justice, acting at the instance of the Minister in charge of finance or the accountant concerned or the heirs of the latter, may appeal against a final judgment of the Audit Bench to the Plenary Assembly of the Supreme Court for the said judgment to be quashed.

(2) The petition shall be lodged with the registry of the Supreme Court.

(3) Where a judgment is quashed, the Plenary Assembly of the Supreme Court shall hear and determine the matter de novo.

(4) The appeal to quash the judgment shall stay its execution.”

Section 73 : (1) Notwithstanding the final ruling on an account, the Audit Bench may, due to a mistake, an omission, forgery or duplication discovered after the ruling is passed, review such ruling of its own motion or at the request of either the accountant, the Minister in charge of finance or the legal representatives of the relevant public bodies or at the instance of the Procureur General of the Supreme Court.

(2) The petition shall be reasoned and addressed to the President of the Audit Bench. It shall include:

- a statement setting out the facts and grounds of appeal ;
- a copy of the judgment for which review is sought ;
- supporting documents, including evidence of notification of the petition to the other parties involved :

Section 76 : (1) A petition for review must be lodged within 6 (six) months of service of the judgment on the accounting officer.

(2) The petition for review shall not stay execution of the judgment.

Section 33 : (1) After examining the answers of the accountants and the complementary conclusions of the rapporteur, the Audit Bench shall give a final ruling on the accounts. The ruling on the accounts shall comprise two parts :

a) The first part shall certify the nature of the accounts, and any corrections shall be indicated ;

b) The second part shall determine the regularity of the accounts, an accounting surplus or an accounting deficiency and where applicable indicate the respective periods when the operations were effectively carried out.

It ensues from the joint provisions referred to above :

That the appeal for quashing is within the ambit of a bench of the Supreme Court other than Audit Bench ;

That the appeal for review is open against final rulings of an account, in other words only rulings that have stated the nature of accounts of a certified or de facto management and closed the situation of the account of the accountant in accordance with section 33 of Law No. 2003/005 of 21 April 2003 mentioned above ;

That in any case, for it to be admissible an appeal for review must be :

- Against a judgment on a final ruling on an account ;
- Based on at least one of the four (4) cases provided for by the law: mistake, omission, forgery or duplication discovered after the contested ruling is passed ;
- Made through a reasoned petition for review addressed to the President of the Audit Bench and including :
    - a statement setting out the facts and grounds of appeal ;
    - a copy of the judgment for which review is sought ;
    - supporting documents, including evidence of notification of the petition to the other parties involved ;
    - submitted within a deadline of six (6) months from the date of notification of the judgment to the accountant ;

Whereas all the admissibility conditions concerning the nature of the judgment, in case of opening for review, the form of the petition and the deadline granted are cumulative ;

That default of one or all of them shall draw the consequences.

Whereas in this case, it is admitted that the Audit Bench of the Supreme Court is seised of the petition for quashing of the contested judgment on 18 October 2012 introduced by Barrister Ibrahima HALILOU on behalf of N.A, is incompetent to examine it ;

That concerning the appeal for review, none of the three petitions submitted by Messrs. N., N. A. and N. J. L. is not founded on the case for opening of review provided for in section 73 (1) of Law No. 2003/005 of 21 April 2003 referred to above; to wit mistake, omission, forgery or duplication discovered after the passing of the contested ruling that do not include documents establishing the notification of the petitions to the other concerned parties, especially among the appellants, to B.M.E, to the Accounting Officer of NCCB in position, to the Minister in charge of Trade and to the Minister in charge of Finance ;

That, moreover, if the judgment meets the requirements of sections 33 and 73(1) of Law No. 2003/005 of 21 April 2003 regarding the former Accounting Officer NJL, it cannot be considered final with regard to NM and NA, then General Manager and Deputy General Manager of the NCCB whose contest could be done only in accordance with sections 40 and 41 of the above law that is to say through interim ruling ;

It follows that the above-mentioned petitions do not meet the admissibility criteria laid down by the aforementioned instruments;

For these reasons

Giving a final judgment

HEREBY ORDERS AS FOLLOWS

Article 1 : The appeals for review submitted by Messrs M.N., N. A. and N. J. L. are declared inadmissible in their form ;

Article 2 : The joint session of the Audit Bench lacks jurisdiction to examine the appeal for quashing made by N. A. ;

Article 3 : This ruling shall be notified to :

- the appellants ;
- B. M. E. :
- Current Accounting Officer of the National Cocoa and Coffee Board (NCCB) ;
- Current General Manager of the National Cocoa and Coffee Board (NCCB) ;

- the Minister of Trade ;
- the Minister of Finance.

Thus done, judged and delivered at a public hearing, the same day, month and year as above.

3°- Ruling No.04 /D/CSC/CDC/SR of 18 September 2014

Matter: H.G. Bursar of GHS M.; Diversion of funds; Force of res judicata

Whereas by interim ruling No. 14/AP/CSC/CDC/SR of 30 August 2012, Mr. HG was enjoined to bring within the period of two (02) months from the notification of the judgment, proof of payment of his own money into the Treasury, the sum of seven hundred thousand (700,000) CFA francs or any other evidence in his defense;

Whereas responding to notification of the decision subject of letter No. 322/SCC/CAB/PCDC/CSC of 31 July 2013 from the head of the Mail Service of the Audit Bench, HG explained that it was already mentioned in the activity report of the Anti-Corruption Unit of the Ministry of Secondary Education that this debt had been fully repaid, he was acquitted by the Budget and Accounts Disciplinary Board by Decision No. 0013/S/D/PR/SG/CONSUPE/CDBF of 5 December 2007 ;

Whereas it appears from the file that the report mentioned by HG does mention that he had been relieved of his duties because of the diversion of seven hundred thousand (700,000) CFA francs of examination fees and had repaid that amount fully ;

The Budget and Accounts Disciplinary Board in its meeting on 21 November 2007 had given him a discharge and declared him cleared by Decision No 0013/D/PR/SG/CONSUPE /CDBF of 5 December 2007 by the Minister Delegate in charge of the Supreme State Audit ;

Whereas pursuant to the terms of section 12 of Law No. 74/18 of 5 December 1974 concerning the control of Authorizing Officers and vote holders of the State, of Local Authorities and of State Undertakings, as amended by Law No. 76/4 of 8 July 1976, *"Decisions of the Budget and Accounts Disciplinary Board may not form the subject of a claim or complaint but a petition for cancellation may be made to the administrative court without such petition being a stay"*;

The result is that they have the authority of res judicata ;

It follows that the facts subject of the proceedings that gave rise to the decision of the Budget and Accounts Disciplinary Board aforementioned, the Audit Bench did not rule on the same facts without violating the force of res judicata attached to this decision ;

It is appropriate to declare the proceedings against HG inadmissible for force of res judicata and to lift the injunction imposed on him ;

For these reasons

Giving a final judgment,

HEREBY ORDERS AS FOLLOWS

Article 1: The proceedings against H. G. for diversion of the sum of seven hundred thousand (700 000) CFA francs is declared inadmissible for force of res judicata;

The injunction against him is consequently lifted.

Article 2 : This judgment shall be notified to

- the above-mentioned ;
- the Minister of Secondary Education and
- to the Minister of Finance.

Thus done, judged and delivered at a public hearing, the same day, month and year as above.

CHAPTER 2. FINAL OBSERVATION REPORTS

Section 1 : Report No. 06/ROD/S4 of 04 December 2014 on the accounts of the Urban and Rural Lands Development and Equipment Authority (MAETUR), 2004 and 2005 financial years

The above report is inserted in this report in the form of the following extract :

" I. Presentation of the Urban and Rural Lands Development and Equipment Authority (MAETUR)

1.1. Creation and corporate purpose

The Urban and Rural Lands Development and Equipment Authority (MAETUR) was created by Decree No. 77/193 of 23 June 1977 in the form of a public establishment of an industrial and commercial nature with the mission of *"developing or having developed, under its responsibility, land development and equipping operations in view of the promotion of real estate and housing all over the territory of the United Republic of Cameroon"*

Presidential decree No. 82/599 of 25 November 1982, to amend the creation decree referred to above not only re-specified the legal nature of the MAETUR but also extended its scope of competence. Thus, according to article 2(new) of the 1982 decree, the reference of public establishment gave way to the notion of *"category 3 establishment…"*

Equally, article 3(new) of the 1982 decree grants MAETUR, in addition to its competences in matters of study and execution of development and equipping operations, those linked to *"operations of restructuring existing neighbourhoods"*.

1.2. Legal status

In 1977, the status of the MAETUR was set based on the "corpus" of regulations in force. The changes imposed by Law No. 99/016 of 22 December 1999 on the general regulations governing public establishments and public and semi-public enterprises on the one hand and the OHADA law, especially the Uniform Act of 17 April 1999 on commercial companies and economic interest groups (EIG), on the other hand, imposed a review of the decrees of 1977 and 1982 to allow reclassification of MAETUR in the public company category with all legal consequences regarding the corporate bodies and share capital. At the very least, the provisions of the organic decree that:

- *"Financial and accounting management of the Authority is subject to the rules of commercial and industrial accounting" (article 13), and*

- *"the balance sheet, profit and loss account and inventory are subject to the approval of the Board of Directors within six months following the end of the financial year" (article 14)*

bring MAETUR closer to public and semi-public companies and particularly those in the category of public corporations .

But the statutory changes were not formally carried out and currently one can barely situate MAETUR, "*category 3 industrial and commercial establishment*" in a classification in accordance with existing regulations, not including the uncertainty about the modalities of constitution of its share capital.

To MAETUR, *"We fully agree with the findings of the Audit Bench ..."*.

1.3 Share capital

The decrees of 1977 and 1982 make no reference to the share capital of MAETUR. However, in the Authority's financial statements, notably the balance sheets for 2004 and 2005 the amount of registered capital of 200 million CFA francs contained in the section on equity,

The annexes to these financial statements indicate that the amount is credited to account "102 as Initial allocation".

In accordance with OHADA accounting plan, it would be the capital through allocation *"representing the integration into the patrimony of public enterprises of buildings and funds allocated by decision of the public authority, for the functioning of these corporations»*. This allocation can also be achieved through debt conversion. Similarly, investment subsidies can be capital injection if the grant decision thus qualifies them.

MAETUR has produced to the Audit Bench neither regulatory instrument (decree, order, decision or official letter) to grant or release funds nor the minutes of delivery of a transferred property by way of contribution in kind nor supporting documents constitutive of transfer of capital allocation to MAETUR.

The Bench therefore considers that the allocation of 200 million CFA francs in the share capital account is not legally justified and from the accounting perspective remains unjustified.

For MAETUR, the initial allocation of 200 million CFA francs was designated in turn as initial endowment, grant, establishment subsidy, capital grant. It has the quality of a capital contribution and is justified in accounting by resolutions Nos. 1/78-01 and 1/ 78-02 of the first Board of Directors meeting of MAETUR of 03/21/1978.

For the Audit Bench, if one concedes that, legally, the initial allocation of 200 million CFA francs can be likened to capital contribution, the fact remains that in accounting terms, the allocation of this amount is not based on documentary evidence. Resolutions Nos. 1/78-01 and 1/78-02 are assumed to have been taken on the basis of documents indicating the release of funds by the appropriate authority. In the absence of these documents, the accounting head is not justified.

1.4. Activities of MAETUR

Decree No. 82/599 of 25 November 1982 to amend and supplement certain provisions of Decree No. 77/193 of 23 June 1977 establishing the Urban and Rural Lands Development and Equipment Authority (MAETUR) reformulated its corporate purpose to assign in addition to the completion of development operations, that of restructuring existing neighborhoods.

In terms of development, the intervention of the MAETUR deals with "*land free from any occupation*", made available by the State, pursuant to article 3 of Decree No. 81/185 of 4 May 1981 regulating the conditions of implementation of special parceling by MAETUR.

These lands, which developed, are the subject of social housing estates or commercial lots and awarded under the conditions initially set by Decrees No. 079/CAB/PM of 10 July 1981 and No. 126/CAB /PR of 17 March 1986 respectively.

State participation in the realization of such parceling also included the payment of a subsidy to cover the cost of equipment and roads and other utilities according to the decree of 4 May 1981 referred to above.

The increasing difficulty of providing land to MAETUR by the State led to a slowdown of activities likely to jeopardize the pursuit of its purpose.

The deployment of management activities in the 2004 and 2005 was only possible thanks to the policy of "*concerted parceling*", by which the conventions were signed with village communities having land reserves.

Thus, during this period, twenty three (23) site development projects were running. These include for the Centre Regional Delegation, Government High School Mendong (SCDP Zone), North Residential Area (Soa) and Ngousso (HGY); for the Regional Delegation for the Littoral, Mbanga Bakoko.

The lots developed within the new framework without the participation of the State are more expensive and commercialization overlooks the regulations set by the two above-mentioned decrees. Restructuring activities of MAETUR, a component added to its purpose by the 1982 decree, during the 2004 and 2005 financial years, concerned the Nylon-Douala restructuring project with mainly road-opening works, demarcation and potable water supply in the following areas of action :

- Nylon - ZA 3 (Tergal Quarter) ;
- Nylon - ZA No. 06 (Brazzaville Quarter) ;
- Nylon - ZA No. 08 (Oyack Quarter) ;
- Nylon - ZA No. 12 (Nkolmintag Quarter).

Statistical and other financial information on development and restructuring activities of MAETUR in 2004 and 2005 are presented in this report in the point on budgetary management.

II. Governance of MAETUR

Understood as the set of organs or the main actors involved in decision-making, supervision or control, the governance of MAETUR, as laid down in Decree No. 77/193 and its amending decree, is based on three elements: the Board of Directors, the Directorate General and the Auditors.

2.1. MAETUR Board of Directors: administrative and supervisory body

The shortcomings of the compliance of the articles of association arising from the aforementioned decrees with the legislative framework explain the absence of a General Assembly, a body which, under the OHADA law, sanctions the management by the Board of Directors and under its responsibility by the Directorate General.

The Bench notes that the Board of Directors performs both its own missions and those that the OHADA law grants to the General Assembly.

Thus, under the powers vested by the OHADA law to the General Assembly, the Board of Directors approved the financial statements at 31 December 2004, accepted the result and granted discharge to the auditors during its 56th Session of 29 June 2005.

This accumulation of functions of the Board of Directors reflects the lack of an important link in the governance of MAETUR as shown by the foregoing.

For MAETUR, the Board of Directors performs the functions of the General Assembly on the basis of Decree No. 77/193 of 25 June 1977 establishing MAETUR which acts in the place of articles of association to date. In the case of the approval of accounts, article 14 of the Decree provides that the balance sheet, profit and loss account and inventory are subject to approval by the Board of Directors within six (6) months following the end of the financial year.

Incidentally, the Audit Bench notes that its observation relates not to the competence of the Board of Directors but on the non-compliance of the decree with the OHADA law which instead grants this competence to the General Assembly.

In the same context, the appointment of the external auditor and fixing his remuneration, prerogatives of the General Assembly under the OHADA law falls on the Board of Directors, addressee of the audit report by the said Auditor.

The absence of a General Assembly thus promotes an accumulation of functions/roles of board members/management and monitoring/control to the Board of Directors. These are factors which the Audit Bench thinks are prejudicial to the good governance of MAETUR.

For MAETUR, "this observation is valid within the context of general and universal commercial law. However, it is not applicable in the current context of MAETUR due to the non transformation to date in accordance with Law No. 99/016 of 22 December, hence the accumulation of duties by the Board of Directors.

The organic instruments of MAETUR do not provide for a General Assembly and give all powers of administration, management, approval and appointment of the External Auditor to the Board (see section 10 of Decree No. 77/193 of 25 June 1977 to create MAETUR). "

It is precisely this state of affairs contrary to regulations that the Audit Bench is raising.

2.2. Performance of functions of Chairman of the Board of Directors in violation of the Law

The consideration of financial statements for the period under review reveals that the position of Chairman of the Board of MAETUR is held by the Minister of Urban Development and Housing (2004) and the Minister of State Property, Surveys and Land Tenure (2005), the minister also ensuring its technical supervision.

However, according to section 21 of Law No. 99/016 of 22 December 1999, *"the position of board chairman of ......a public corporation...shall be incompatible with that of member of government ..."*

The performance of the function of the Chairman of the Board of Directors of MAETUR in 2004 and 2005 by a Minister was done in violation of the law.

For MAETUR, *"The appointment of the Chairman of the Board is the prerogative of the President of the Republic."*

The Audit Bench is sticking with the provisions of section 21 of Law No. 99/016 of 22 December 1999 referred to above.

2.3. Performance of the function of Director beyond the legal mandate

Under Articles 8 and 9 of Decree No. 77/193 referred to above, "the Authority shall be managed under the authority of a General Manager assisted by a Deputy General Manager, *"who shall ensure the implementation of decisions of the Board within the limits of the powers delegated to him."*

In the light of section 47 of Law No. 99/016, the term of office of the Director General is three (3) years renewable two (2) times, a maximum of nine (9) years.

This legal provision is not complied with in MAETUR. The General Manager of MAETUR in office in 2004 and in 2005 was appointed by Decree No. 91/006 / PM of 22 August 1991, which in 2005 corresponded to fourteen (14) years of service, five (5) years older than legal duration, including renewals.

The same observation is made for the mandate of the Deputy General Manager, appointed a few weeks later by Decree No. 91/010 of 4 September 1991.

For MAETUR, "The appointment of the Director and Deputy Director is the prerogative of the President of the Republic."

The Audit Bench does not challenge the appointment prerogative. It simply notes that the term of office of these leaders exceeds the legal deadline.

2.4. Mandate of the Auditors beyond the legal limit

Section 57 of Law No. 99/016 of 22 December 1999 states that *"the Auditors ... designated … shall have a three-year term of office, renewable once."*

The *Fiduciaire Audit Africa* (FAA) firm having audited the MAETUR accounts in 2004 and 2005 was designated by Resolution No. 37/96/286 of 2 August 1996 by the Board of Directors, which gave it a mandate for the 1994/95, 1995/96 and 1996/97 financial years. This mandate was to end with the certification of the financial statements ending 30 June 2000.

The continued exercise of these functions of auditor by the FAA firm in 2004 and 2005 was no longer lawful.

For MAETUR, "As the Authority correctly pointed out in the preamble, the non-transformation of MAETUR at the time and up till now does not allow to situate accurately, what type of public establishment is MAETUR likened.

With this in mind, the application of Law No. 99/016 of 22 December 1999 does not appear to be necessary.

Neither the current organic texts of MAETUR nor OHADA ratified by Cameroon in 1997 and implemented in 2000 define the reappointment of the auditors ... "

To the Audit Bench, MAETUR was created in 1977 as a public establishment. Law No. 99/016 of 22 December 1999 on the general regulations governing public establishments and public and semi-public enterprises provides in section 112 (1) and (3) that :

(1) *"Existing public establishments ... must comply with the provisions of this law within one (1) year starting from the date of its enactment,*

(3) The provisions of this Law shall apply from the date of its enactment to public establishments ... "

Section 57 of this law is fully in force.

III. Budget management

In July 2003, the Board of Directors of the MAETUR approved the *"Business Plan"* developed with the assistance of Technical Rehabilitation Committee (CTR) for the 2004 -2007 period. The 2004 and 2005 budgets are part of the logic for the implementation of the plan whose objectives were notably :

- The significant increase in the production of developed plots at lower cost ;
- Reform of the legal framework of MAETUR to make it capable of mobilizing the resources required for its activities ;
- The concession by the State of some public services particularly in the management of lands of the national and private domain of the State.

The activity reports produced at the Audit Bench covered the period from January to November and January to October respectively for the 2004 and 2005 financial years.

In connection with its corporate purpose, the implementation of the 2004 budget materialized in MAETUR as follows

i. Land operator

As land operator, it had established 391 land titles on a projection of 668 or 59% in 2004, against 171 600 land titles planned in 2005, a rate of 28.5%.

ii. Development activities

Development activities focused on 23 ongoing projects. However, none of the 1400 plots developed in 2004 for a total cost of 849 million CFA francs on a budget of 1964 million CFA could be delivered because of many land problems in Ngousso *HGY* in Yaounde and Mbanga Bakoko Douala sites.

In 2005, work on the new projects to open up plots started late because:

- Land problems such as the unavailability of land reserves and land disputes in three housing projects sites (Mbanga Bak*oko* I/ Douala, Ngousso HGY and Mendong) ;
- Administrative problems: the non-signing of the State/MAETUR Contract Plan ;
- Funding problems such as the non-materialization of the loans granted by Shelter Africa and OPEC FUND.

These problems explain the lack of production of new plots in 2005 despite the work carried out for up to 428.4 million CFA francs or 25.7 % of the budget provided for this purpose.

However, from the commercial perspective, 210 plots out of a stock of 562 were advertized and sold in 2004 generating a turnover of 1654 million CFA francs out of projections of 3,519 million CFA.

In 2005, 339 plots advertised out of 480 brought in a turnover of 2,568 million CFA out of forecasts of 3,953 million CFA francs or an achievement rate of 65 %.

iii. Restructuring activities

In 2004, MAETUR completed the demarcation of 592 plots out of projections of 400 or an execution rate of 148%. The cost of this work amounted to 130 million CFA francs.

In 2005, 12 million CFA francs budgeted for restructuring expenses were not executed, which resulted in zero production of plots.

From the commercial perspective, 61 restructured plots were sold in 2004 out of projections of 356 for a turnover of 102.7 million, or barely 14% of the 748 million CFA francs provided.

In 2005, 65 restructured plots placed on the market generated sales of 97 million CFA francs out of projections of 125 million CFA francs.

After this review of the budgetary management of MAETUR, the Audit Bench observes:

1). **On the form**, the constant violation of section 52 of Law No. 99/016 of 22 December on the general regulations governing public establishments and public and semi-public enterprises. Indeed, the section states that *"the draft annual budgets of public corporations shall be prepared by the General Manager and adopted by the Board of Directors before the start of the financial year."*

The budget for the 2004 financial year was adopted by the Board of Directors on 26 February 2004 and that of 2005 on 9 March 2005, that is, two (2) months at least after the start of the financial year.

2). **On the merits,** the low budget execution rates. This rate below 50 % of the forecast indicates that they are not based on realistic assumptions, especially in 2004. In 2005, revenue collection in excess of 60 % did not have a ripple effect on expenditure; the implementation rate of 45.14% has not contributed to achieving the objectives of the MAETUR.

For MAETUR, " a State corporation without precise legal status in accordance with Law No. 99/016 of December 22, 1999, faced serious difficulties in 2004. In the optimistic hope of reaction by the State before updating its legal status and inject funds for its restructuring, it had to first wait for the finance law to be promulgated in December 2003 than in December 2004. Hence, the delay experienced in preparing the 2004 and 2005 budgets (Cf. Excerpts of action plans for 2004 and 2005).

Due to non-assistance from the State, the achievements matched the capital of MAETUR, hence all these important differences between forecasts and achievements ..."

The Audit Bench notes that the reaction of MAETUR confirms its dual observation: non-compliance with the budget approval deadlines by the Board of Directors and the low level of implementation of budget forecasts.

IV. Public procurement

4.1. Review by the Tenders Board of bids of bidders whose names do not appear in the tenders register for call for tenders

In 2004, the tender No. 2004/001/CPM/MAETUR for the realization of road works, drainage and paving certain roads of the Mfandena estate in Yaounde (Operation 140), was launched on 22 January 2004 and the closing date for submission of offers fixed for 13 February 2004 at 10:00.

The tenders register indicated on this date that the bids were filed by SONOTRAC at 7:40, by SOCAMES at 8:40 and by ETS MIMBOE at 8:50, that is, three (3) offers.

However, examination of the minutes of session No. 011/2004 of 13 February 2004 of the Tenders Board (TB), shows that four (4) bidders submitted bids, the fourth whose name does not appear in the Register of Bids being ETS MASSO.

This was also the case in 2005 with :

- examination by the TB meeting in its session No. 014/2005 of 4 March 2005, the offer of Cabinet Ondouah Sambah of which no record is in the tenders register for the call to tender No. 2005/004/ CPM / MAETUR of 09/02/2005 for the demarcation of the plots of the "Mbanga-Bakoko" Douala estate(Operation 450) ;
- examination by the TB meeting in its session No. 015/2005 of 4

March 2005, the opening of the bids of CERBAT Sarl and CREBAT Sarl whose offers are not in the tenders register for call to tender No 2005/005/CPM/MAETUR of 09/02/2005 for the demarcation of the plots of the " Government High School Mendong" estate in Yaounde Phase 3 (Operation 133).

Article 24 of Decree No. 2004/275 to institute the Public Contracts Code provides that :

(1) Tenders shall be forwarded in a sealed envelope bearing the number and subject of the invitation to tender….

(3) A Upon receipt, the envelopes shall be given a number, the date and time of deposit entered by order of arrival in a special register.

(4) Only envelopes received under the conditions mentioned above shall be opened.

(6) Tenders arriving after the deadlines for submission shall be inadmissible..

The Audit Bench therefore observes that bids were not received under the conditions prescribed by the regulations on public contracts, casting doubt on transparency in the award of the three contracts concerned.

For MAETUR, "the four (04) enterprises concerned namely :

- Ets MASSO AO/2004/001 of 22/01/2004 ;
- CABINET ONDOUAH SAMBA: AO/2005/004 of 09/02/2005 ;
- CERBAT SARL : AO/2005/005 of 09/02/2005 ;
- CREBAT SARL : AO/2005/005 of 09/02/2005,

seem to have come directly to the bid-opening session of the Tenders Board with their bids. All offers were opened at the same time as it appears in the minutes signed by the chairperson of the Tenders Board.

At the end of procedures, the following companies were the preferred bidders :

- AO No. 2004/001/CPM/MAETUR: Entreprises SOCAMES P.O. Box 13564 YDE ;
- No.2005/004/CPM/MAETUR : Entreprise CAMEROON ENGINEERING ;
- AO No.2005/005/CPM/MAETUR : Entreprise GEO-DESIGN & BIZ.

None of the four (04) listed companies had been a successful bidder of one of the contracts in question; evidence that the Tenders Board was not complacent."

The Directorate General of MAETUR does not dispute the observation made by the Audit Bench on the irregularity committed.

4.2. Control of application of sections 342 and 543 (new) of Law No. 2004/026 of 30 December 2004

Any public order worth less than 5 million CFA francs is what is sometimes called an administrative purchase order in some public administrative structures. Unlike jobbing orders and contracts, purchase orders were not subject to the formality of registration. Law No. 2004/026 of 30 November 2004: Finance Law of the Republic of Cameroon for the year 2005 ended this exemption. Indeed, section 543 (new) related to changes in certain tax provisions has :

"The following shall be subject to :

(c) At the average rate of 5 % :

Government contracts and orders of an amounts less than 5 million francs, charged to the budget of the State, Regional and Local Authorities, public establishment and public and semi-public enterprises. "

The examination of some purchase orders issued in the amount of at least 250,000 CFA francs Inclusive of All Taxes (IAT) for a total tax of 163 575 220 CFA francs, revealed non-compliance with this statutory provision by MAETUR in 2005.

Pursuant to section 543 (new) of the above-mentioned Law No. 2004/026 of 30 November 2004, these purchase orders were to result in the payment to the Treasury of the registration fee of at least 8 178 761 CFA francs corresponding to 5 % of the amount IAT of the said orders.

It is accepted here that MAETUR caused a financial loss to the Treasury of the amount corresponding to the registration fee for administrative purchase orders not paid for the 2005 financial year concerned.

For MAETUR,

"The hesitant implementation of the regulation stems from the fact that in 2004 we went from a situation where there was no registration requirement, especially the various interpretations of the fiscal changes in 2005.

Indeed, the notion of "administrative purchase order" was unknown to the MAETUR ;

Equally, several tax specialists made us understand that this provision concerned only the State and Administrative Public Establishments, corporate category to which MAETUR does not belong.

This understanding was happily confirmed by the clarification in section 343-543 (new), of the 2006 Finance Law (Registration of public procurement (Pages 10 & 11).

This aspect has continued to preoccupy MAETUR and the ESSOMBA EYENGA Firm, on 26 November 2008 made clarifications in the same vein.

MAETUR therefore acted in good faith in seeking prior guidance as to the correct interpretation before performing new tax obligations.

- *On the calculation method, we have also noted that the base subject to registration retained by the Authority includes all taxes inclusive on the one hand and secondly that Voucher No. 1476 of 20/10/2005 was registered for an amount of 4 378 244 CFA francs instead of 438 244 CFA francs ; a surplus of 3.94 million.*

The reconstruction of the table also shows a before-tax base subject to registration of 134 811 002 CFA francs instead of 163 857 127 CFA francs.

Registration fees on the base of 134 811 002 CFA francs totalled 6 740 550 CFA francs instead of 8 178 761 CFA francs.

Advertising orders awarded through the Advertising Agency CONNECTION JBO (14 113 023 CFA francs) and the purchase of vehicles in 2005 (40 780 000 CFA francs) concern the base of 163 575 220 CFA francs retained by the Authority.

In the list of sixty eight (68) suppliers identified by the Authority, subject of purchase orders concerned in this observation, seventeen (17) of these suppliers indeed registered their purchase orders. The fees of the registered purchase orders total the amount of 1 819 522 CFA francs.

This results in registration fees of 4 921 028 CFA francs (6740550 - 1819522); if this tax adjustment is maintained by the Authority.

For the Audit Bench, the provisions of section 543 (new) of Law No. 2004/026 of 30 November 2004 on the finance law of the Republic of Cameroon for 2005 are unequivocal: "*shall be subject to the registration formality :*

c) at the average rate of 5 % :

....

- *contracts and public order of amounts less than 5 million, paid from the State budget, regional and local authorities, public establishments and public and semi-public enterprises. "*

The observation of the Audit Bench regarding the contracts and public orders for 2005 of MAETUR, whose legal form clearly corresponds to one of the types of structures set out in that section, namely: the State, Regional and Local Authorities, public establishments, public and semi-public enterprises.

Law No. 2005/008 of 19 December 2005 on the finance law of the Republic of Cameroon for 2006 effectively exempted public and semi-public enterprises from registration formalities. This is what the ESSOMBA EYENGA Firm raises in its letter of 26 November 2008 which does not seem to affect the operations of the 2005 financial year.

Regarding the registration base, the Audit Bench considers founded the remark of the MAETUR Directorate General recognizing that the 5% rate must be applied to the amount of the order excluding the value added tax. The 17 purchase orders for which supporting documents were submitted should be removed from the list of non-registered purchase orders.

In conclusion, the Audit Bench, while scaling back the amount of the damages, maintains its observation of non-compliance with the registration requirements of public procurement as laid down in the 2005 finance law.

V. Regularity of certain payments

5.1. Payment of perfromance bonus in 2004 and 2005

In 2004, MAETUR paid a performance bonus of 39 108 543 CFA francs indexed on the net profit for the 2002 financial year. In 2005, it provided the sum of 36 million CFA francs for the payment of the said bonus in respect of net income of 2004 or 29 million CFA francs for the staff of the headquarters and the Centre regional delegation and 9 million CFA francs to that of the regional delegation of the Littoral. This provision was actually used in 2008 and the bonus paid was 36 775 847 CFA francs.

The payment of these bonuses was decided by resolutions No. 52/03/416 and No. 56/05/452 of the 52nd and 56th sessions of the Board of

Directors of 01/07/2003 and 29/06/2005 respectively.

This bonus regularly paid by MAETUR, is founded on resolution No. 20/87/180 of the Board of Directors meeting of 25 September 1987 amending the benefits granted to MAETUR personnel.

This resolution set the amount of the performance bonus to one (1) month of basic salary, including seniority allowance for staff and three (3) months for the General Manager and Deputy General Manager.

This resolution was in accordance with the provisions of Decree No. 87/1141 of 20 August 1987 fixing the remuneration and perquisites of the staff of State corporations, administrative public establishments (APE) and semi-public corporations.

In 1999, with the enactment of Law No. 99/016 of 22 December 1999 on the general regulations governing public establishments and public and semi-public enterprises, new provisions were put in place regarding payment of performance bonuses in these structures. Therefore, the resolution No 20/87/180 has lapsed. Thus, in accordance with section 58 of this law:

"The General Manager and if necessary, the Deputy General Manager, as well as staff of public corporations may share in the productivity of their corporation to the tune of at most ten (10) percent (10%) of the net profit realized during each financial year, in accordance with the statutory procedures ".

Net income for the year ending 31 December 2002 was 54 022 751 CFA francs. That of the year ending 31 December 2004 was 29 384 627 CFA francs. It follows that the performance incentive bonus of MAETUR for the years 2002 and 2004 would be 5 402 275 CFA francs and 2 938 462 CFA francs respectively.

For the Audit Bench, the payment of the performance bonus beyond the legal quota of 10% of annual net income or 33 706 268 CFA francs for 2002 and 33 837385 CFA francs for 2004 is considered undue payment.

For MAETUR, "due to the non-compliance to date of the articles of association of MAETUR in accordance with the Law No. 99/016 of 22 December 1999, MAETUR continued and continues to operate under the laws governing its creation and decisions taken by the Board in support of these instruments.

Payment of the performance bonus therefore takes its foundation on Resolution No. 20/87/180 of the Board of 27 September 1987.

It is important to note that this resolution had eliminated payment of a thirteenth month and gratuities to MAETUR staff.

As the 2003 financial year posted a loss, no bonus was paid.

The result for 2005 was exceptional; the staff was not entitled to a performance bonus.

In our opinion, the 2002 and 2004 performance bonuses were calculated and paid on the basis of a regulatory instrument, authorized by the Board and cannot be considered improper.

Due to strong cash flow pressures, payment of the 2002 performance bonus was deferred to 2005 and the 2004 bonus to 2008."

As in previous cases, the explanations are based on the non-compliance of the articles of association of MAETUR with the law of 22 December 1999. The observation is maintained.

On the merits, the two resolutions that affect the posting of earnings for the 2003 and 2004 financial years ignored a legal provision of a wide scope in preserving the financial stability of the corporation, including section 56 of the 1999 Law which states:

"*Under pain of a contrary decision being declared void, at least 10 % of the net profit of the financial year shall be deducted and allocated to the building up of a legal reserve fund. Such deduction shall cease when the reserve amounts to 15 % of the share capital*."

In the equity structure of the MAETUR, this legal reserve which is designated "*unavailable reserve*" has a zero balance at 31 December 2004, reflecting the fact that this legal provision has never been applied.

The Audit Bench holds the Board of Directors which in this domain exercises the powers of the General Assembly, responsible for the violation of the law on commercial companies in general, and especially the 1999 law on the general regulations governing public establishments, public and semi-public enterprises.

For MAETUR, "due to the non-transformation of MAETUR into a public company and the lack of precision in the decree creating MAETUR on constituting the legal reserve, MAETUR has not systematically been endowed with unavailable reserve.

However, during the posting of the extraordinary result of 2005, article 2 of Resolution No. 58/06/475 the Board of Directors of June 2006 assigned the following amounts :

- 30 million CFA francs to the legal reserves account.
- 1.3 billion CFA francs in free reserves account.

"The Audit Bench maintains that the legal reserve was not created in 2004 in accordance with section 56 of the Law of 22 December 1999.

VI. Examination of some accounts

6.1. Client debts

At 31 December 2004 and 31 December 2005, the Regional Delegation of the Littoral produced statements of inventories of accounts related to "*Debts of clients, stocks and work in progress*" zones of Douala Akwa Nord and external cities whose amounts are different from those included in the financial statements.

The table below highlights the inconsistencies thus noticed.

Comparative table of amounts of accounts of client debts and stocks of Douala Akwa Nord and external cities in the inventories and balance sheet (2004 and 2005 financial year)

Item	Amount in the inventory statement	Amount in balance sheet	Difference
Client debts, 2004 FY	618 321 941	352 181 729	266 140 212
Client debts, 2005 FT	347 638 048	528 780 480	181 142 432

It is important to note that the debts of Akwa Nord and external cities in 2004 and 2005 are respectively 6.7 % and 10.6 % of total debts recognized in the balance sheet.

For the Audit Bench, these inconsistencies from a small part of the operating values of the financial years indicate the unreliability of the end-of-year inventory work carried out, the lack of control of customer portfolio and cast doubt on the fairness of the financial statements.

<u>MAETUR response</u>

<u>Debts of 2004 and 2005 financial years</u>

The inventory statement that indicates the amount of debt of 618 321 941 CFA francs in 2004 and 347 638 048 CFA francs in 2005 is an Excel table drawn up by the sales department on the basis of the expected sale price. The amount shown in the balance sheet of 352 181 729

CFA francs in 2004 and 528 780 480 CFA francs in 2005 is the result of entries on the basis of supporting documents (see summary of inventory statements, detailed accounts of client debts).

The accounting department, for reasons of compliance with accounting principles (prudence, actually), cannot take into account data from an extra-accounting Excel statement which remains a management tool for business. Accounting is based on evidence of supporting documents i.e. invoices, receipts...

In our opinion, comparison of data from two different files as performed by the Authority is not homogeneous:

In summary, regarding the commercial value, the annual decision of readjustment of prices on the rise, is taken by the General Manager according to the understanding of the land market, while the production cost of the lots concerned remains constant.

If in the case of "inventory of current work and finished products work for 2004 and 2005," the reaction of the MAETUR seems satisfactory, it is different for the "2004 and 2005 debts". In accordance with article 17 of the OHADA Uniform Act on the organization and harmonization of business accounting, one of the conditions of regularity and sincerity of the accounting organization is "the control by inventory of the existence and value of the property, debts and business debts. The inventory operation is to identify the company's entire assets, mentioning the nature, amount and value of each of them on the date of the inventory."

Furthermore, article 71 of the Uniform Act provides that "at the end of the financial year, administration or management bodies as appropriate, draw up the inventory and financial statements …"

From these provisions, it follows that the inventory work is binding. Also, whatever the means of their establishment, their data should be consistent with the entries in the financial statements. The inconsistency of data attributed to the use of Excel table constitutes an admission of the lack of fairness of such financial statements.

To the Audit Bench, inconsistencies in the inventory data on debts with the amounts entered in assets of the balance sheet are not such as to guarantee a fair view of the assets and financial position of MAETUR for the 2004 and 2005 financial years.

6.2. Amortization and provisions

The income statements of MAETUR indicate "Amortization and provisions" of 5 764 688 679 CFA francs and 5 152 506 896 CFA francs in 2004 and 2005 respectively. These amounts represent the annual portion of these expenses calculated significantly higher than the amounts on the balance sheet that are themselves accumulated amortization and provisions for several years. Indeed, amortization and provisions on assets are made up of 4 406 117 825 CFA francs in 2004 and 3 839 555 955 CFA francs in 2005.

Finally, the recognition of these expenses calculated in the income statement is not consistent with its entries in the balance sheet, which casts doubt on the reliability of financial statements of MAETUR for the 2004 and 2005 financial years.

This report is forwarded to the Minister of Finance, the Chairman of the Board and the General Manager of the Urban and Rural Lands Development and Equipment Authority (MAETUR). It will be a point on the agenda of the next session of the Board following its reception, and the related resolution will be communicated to the Audit Bench of the Supreme Court.

Reaction of the Minister of Finance 07 July 2015

The Minister of Finance

To

The Procureur General of the Supreme Court

Yaounde

Subject: *Final observation report on the management of the Urban and Rural Lands Development And Equipment Authority (MAETUR) for the 2004 and 2005 financial years*

I acknowledge receipt of your correspondence referenced above on the subject and the attached report

As a follow up, I have the honour to inform you that :

- *Regarding the shortcomings raised by the Audit Bench relating to legal aspects and functioning of the corporate bodies of the MAETUR, they are being corrected. Indeed, a draft to raise the corporation to public company, modelled on the requirements of Law No. 99/016 of 22 December 1999, is being finalized at the*

Presidency of the Republic.

- *For the other shortcomings related in particular to the keeping of accounts, registration of purchase orders and distribution of performance bonuses, I have today by mail seized the General Manager of MAETUR so that corrective measures are contemplated./.*

Copy: MAETUR

Signed

Alamine Ousmane Mey

Section 2 : Report No. 07/ROD/S4 of 04 December 2014 on the accounts of the Cameroon Real Estate Corporation (SIC), 2004 and 2005 financial years

The report referred to above is inserted in this report in the form of the following excerpts

I. Presentation of the Cameroon Real Estate Corporation (SIC)

1. Creation and corporate purpose

The Cameroon Real Estate Corporation SIC, is a semi-public corporation created by decree of 18 July 1952 by the Minister of France Overseas with a registered capital of 100 million francs. Its object under the articles of association adopted in 1999 and 2001 as part of their harmonization with current regulations remains the same as in 1952, namely: "*all operations that aim at the improvement or development of urban or rural habitat in Cameroon* ".

* **Accounts under examination and management bodies**

The accounts under examination are those of 2004 and 2005. During this period, SIC had the characteristics of a semi-public corporation with a registered capital of 1 billion CFA francs divided into 100,000 shares of 10,000 CFA francs each and held up to 82.1 % by the State of Cameroon. Its governing bodies are: the General Assembly, the Board of Directors and the Directorate General. Two auditors, one substantive and an alternate ensure the audit of annual accounts.

It is within this context that the legal accounts of the 2004 and 2005 financial years were prepared.

1.1. General assembly

The conditions for approval of the accounts for the 2004 to 2005 period did not comply with the applicable accounting law. The explanations provided by SIC and tending to justify these violations of the law by "*special circumstances and legal and technical difficulties*" remain unconvincing and one can oppose them in this case the lack of due diligence for a Justice decision authorizing the extension of the deadline as provided by articles 546 and 547 of the OHADA Uniform Act of 17 April 1997 relating to commercial companies and economic interest groups.

It is obvious that the procedures for approval of the accounts by the General Assembly of SIC were not respected during the 2004-2005 period. Not only did this approval take place beyond the time limit but no measure has been taken to obtain the postponement of the deadline from the competent court in accordance with the regulations in force.

1.2. Board of Directors

Its composition is not in accordance with the 1999 law nor the articles of association of SIC because, contrary to the provisions of these instruments, the "staff representative elected by his peers" does not sit on the Board of Directors.

Furthermore, the functioning of the Board of Directors was more questionable in 2005 than in 2004. It was convened twice, on 27 February and 17 December 2004. The subjects discussed at the December meeting did not fall within its competence, but that of the Ordinary General Meeting, with the exception of the draft budget for the 2006 financial year.

By resolutions Nos. 215/CA/SIC/2004, 217/CA/SIC/2004 and 221/CA/SIC/2004, the Board of Directors on 17 December 2004 upgraded the monthly allowance of the Chairman of the Board of Directors, sitting fees for board members and fixed session allowance of the supervisory Minister.

However, Article 29(3) of the articles of association is unequivocal about this :

"The Ordinary General Assembly especially has the power,

... Set the amount of sitting fees or session allowance as well as the monthly allowance of the Chairman of the Board subject to the limits set by the regulations in force ".

The Audit Bench, without passing judgment on the appropriateness of the valuation of allowances and sitting fees of board members and the minister, however, noted that this valuation, tainted by procedural irregularity, occurs in a context of a sharp deterioration of the financial position of SIC with a loss, amounting to more than 3 billion FCFA for the second consecutive year.

1.3. Directorate General

The General Manager in office in 2004 and 2005 had been in office for 15 years. In fact, appointed to the post on 5 December 1989, he had accumulated five (5) terms of three (3) years each on 31 December

2004, even though article 44 of the articles of association provides for a maximum of nine (9) years or a term of three (3) years renewable twice.

The Audit Bench observes that in 2004 and 2005, the period of validity of the mandate of the General Manager was greatly exceeded. It had indeed expired six (6) years earlier under the provisions of article 44 of the articles of association of SIC.

1.4. Auditors

In 2004 and 2005, the Auditor was the firm CB MESSI which had as alternate M D. LEUZE. These two firms certified the accounts for 2004. The accounts that closed on 31 December 2005 were certified by Mr. IBRAHIMA HASSANA of *Cabinet Fiduciaire Audit Conseil*.

The Audit Bench notes that during the period under review, SIC had all the management organs provided for by the legislations in force. However some members of these bodies, including the General Manager, disregarded the regulations with regard to the legal duration of exercise of their functions.

1.5 Budget management

Within the framework of the control of SIC accounts for 2004 and 2005, a summary assessment of the preparation, approval and execution of budgets of that period was performed.

With specific regard to the execution, we noted a low revenue mobilization (50.45 % for the budget of 2004 and 44.5 % for the 2005) and low consumption of appropriations.

The inadequate revenue had a significant impact on consumption of funds allocated by the Board of Directors for the 2004 and 2005 financial years (44.31 % in 2004 and 41.51 % in 2005).

The Audit Bench observes that for the two years under review, revenue forecasts were disproportionate to the actual capacity of mobilizing them. Conversely, expenditure forecasts were under-evaluated, which led to the allocation of this expenditure to inappropriate accounts. These shortcomings in revenue and expenditure estimates clearly indicate the lack of sincerity in the budget estimates.

1.1. Overruns of certain budget authorizations

The control noted other cases of budget overruns during the period concerned summarized in the table below.

Indicative table of credit overruns endorsed by the Board of Directors of SIC (2004 & 2005 financial years)

Accounts	Description	Allocated credits	Expenditure effected	Overrun		Observations
				CFA F	%	
	Year 2004					
6101400	Office supplies	41 000	82 455	41 455	201.10	
61101310	Missions & professional travels in Cameroon	31 000	56 244	25 244	181.43	
6320 200	Maintenance of adm. buildings	15 500	23 848	8 348	153.86	
6312000	Maintenance of roads and various networks EU/EP	30 000	90 154	60 154	300.51	
6321850	Sundry notary fees	10 000	29 683	19 683	296.83	
6321 020	SIC Audit	10 000	24 660	14 660	246.60	
6322000	Adverts and publication campaigns	40 500	61 511	21 011	151.88	
6410500	Fire insurance LV	20 000	52 162	32 162	260.81	
6411710	Tenders Board	15 000	21 236	6 236	141.57	
6563000	Burial fees	6 000	8 064	2 064	134.40	
	Year 2005					
6101400	Office supplies	52 900	59 108	6 208	111.74	
61101310	Missions & professional travels in Cameroon	35 900	42 746	6 846	119.07	
6181 000	Prof. travels abroad plane	42 100	49 369	7 269	117.27	
6320700	Accountant's fees	50 000				
6312000	Maintenance of roads and other networks EU/EP	65 000				

6321850	Sundry notary fees	10 000				
6322000	Adverts and publication campaigns	54 500				
6383 000	Receptions	54 500	68 659	14 159	125.98	
6411710	Tenders Board	20 000	21 168	1 168	105.84	
6563000	Burial fees	6 000	29 723	23 723	495.30	
6612 100	Recovery bonus	85 000	93 252	8 252	109.71	

More than in 2005, expenditure overruns compared to budget authorizations were, at least for the amounts indicated in the table above, highly significant in 2004. Indeed, the volume of expenditure on these budget heads represents two (2) times the amount of the appropriations.

These spending commitments made on accounts exceeding the funds allocated by the Board of Directors were authorized by that authority. Indeed, the minutes of the Board meetings of the period contain no provisions concerning the approval of credit changes in the budgets of 2004 and 2005.

The Audit Bench notes that the "credit overruns non authorized by the competent statutory body" is a management irregularity within the meaning of Law No. 74/18 of 5 December 1974 amended by Law No. 76/04 of 8 July 1976 on the control of authorizing officers and vote holders.

Staff management

Management of SIC staff in 2004 and 2005 was based on a regulatory framework including in particular the Labour Code, the internal rules of SIC and the staff regulations of SIC. These instruments define, among others, the recruitment procedures and benefits granted to personnel: bonuses, loans and advances, support for medical and funeral expenses, business trips and holidays, access to SIC housing facilities.

1. Recruitments at SIC in 2004 and 2005

It turns out that some recruitments were made without :

- Obtaining the authorization of the Board of Directors for management personnel, in accordance with section 41 of Law No 99/016 and article 39 of the harmonized rules and regulations of SIC of 10 April 2001 according to which *"the Board recruits and dismisses management staff on the proposal of the General*

Manager."

- Respecting the age requirements in accordance with article 12 according to which "*the age limit to recruitment into SIC shall be seventeen (17) years at least and at most forty five (45) years*."

This violation of the statutory provisions of SIC in staff management in 2004 and 2005 is a management fault under section 6 of Law No. 74/018 of 5 December 1974 amended by Law No. 76/04 of 8 July 1976 on the control of authorizing officers and vote holders.

5.3 Other statutory staff benefitsl

Medical care

5.3.1.

Article 46 of the SIC Staff rules and regulations provides «SIC intervenes …in case of health evacuation of its staff or *rightful claimants out of Cameroon after a written decision by the medical board*."

The Audit Bench notes that two SIC employees benefited from the reimbursement of the costs of care by medical evacuation without the decision of the medical board in accordance with article 46 of the Staff rules and regulations and that the corresponding expenditure of 4 192 046 CFA francs is irregular.

6. Management of real estate of SIC

6.1. Value of SIC real estate in 2004 and 2005

It is important to note that the SIC's property rights is not fully established at all sites. Indeed, SIC has land titles only on 28 sites. In other words, accounting for 23 other sites is based on unreliable justifications, all of which are likely to question the balance sheet value of these assets.

The balance sheet of SIC on 31 December 2004 and 2005 indicates a value of land assets of 205 736 242 CFA francs. This is the original value of the land which has never been revalued.

Furthermore, the fact that SIC never having revalued its land does not provide information on their current value, obscures the real value of the corporation.

The Audit Bench observes that the lack of land titles in the name of SIC on some housing sites does not establish with certainty the ownership of such sites. The value recorded in the balance sheet of these sites is therefore questionable.

6.2. Alienation of buildings in 2004 and 2005

Whatever the case, the disposition of developed or undeveloped real estate requires the prior authorization of the Board. Article 39 of the articles of association of SIC of 10 April 2001, inspired by section 41 of Law No. 99/016 of 22 December 1999, provides that:

"The board of directors shall be vested with the broadest powers to act on behalf of the corporation, ...carry out or authorize transactions consistent with its purpose ...;

..it shall authorize all acquisitions, withdrawals, transfers, disposals of rents, values, any social rights, debts, business premises, patents or patent licenses and any other movable rights;

…it shall decide and carry out all acquisitions, exchanges and all sales of goods and property rights ... "

In the accounts for the 2004 and 2005 financial years, control identified within the jurisdiction of the Regional Delegation Yaounde (DRY) twenty (20) cases of alienation of built real estate and two (2) cases of alienation of non-built property.

Some of these sales were made with laxity that led to :

- The proposal of a building to two buyers at inconsistent prices, case of Villa # 3 at Hippodrome ;
- The absence of a clear agreement on the selling price, case of Villa # 4 in Bastos for which the purchaser claims to have paid the agreed price or 20 million CFA francs (letter No 8167 of 2 June 2006 Muna, Muna & Associates Law Firm), while SIC considers that amount as down payment on the selling price of 73 594 000 FCFA (letter No. DX/DG/1/L/002.04/034 of 22 May 2002) ;
- to pre-booking without further action, suddenly mortgaging due rent payments related to the initial status of housing in LS; it is the case with House I 39 Cité Verte and the Villa # 4 in Bastos already mentioned above.

The Audit Bench observes that SIC villas in the Hippodrome and Bastos neighborhoods and individual single houses at SIC Cité Verte and Mendong were taken out of rental properties to be sold without the authorization of the Board. It is the same for two parcels of land owned by SIC at Cité Verte.

According to section 6 of Law No. 74/018 of 5 December 1974 amended by Law No. 76/04 of 8 July 1976 on the control of authorizing officers and vote holders, the decisions of alienation in violation of statutory provisions are irregularities which constitute mismanagement.

7. Management of the treasury: cash office

Control of SIC accounts for the 2004 and 2005 financial years noted the opening of two cash offices at the Douala Regional Delegation and at the head office in Yaounde where main or centralized cash transactions were carried out.

With particular reference to the cash office at the Head office (main cash office) and the Regional Delegations of Douala and Yaoundé, it should be noted that they recorded more than 90% of the volume of payments to various SIC creditors.

A review of the functioning of these cash offices enabled the Audit Bench to make a few observations.

7.1. Absence of periodic controls

7.2. No raw cash ceiling

Cash management in 2004 and 2005 had very significant risks. These include not only the lack of a manual of procedures of keeping and control of cash and payments in cash, but also the high volume of cash kept periodically in the cash office at the head office.

7.3. Payments of large amounts in cash

Control of SIC accounts for the 2004 and 2005 financial years revealed a preference for payments of suppliers in cash against payments by cheque or bank transfer.

The problem lies in the risk which this handling of large sums of money causes and that can lead to pay-out errors, loss or theft of money even without excluding the problems of bargaining on such payments.

The Audit Bench observes a lack of assurance of the regularity of these multiple payments in cash and notes the need to codify cash payments in an internal procedures manual.

7.4. Non-payment to the cash office of a bank withdrawal

On 28 February 2005, a cheque of five million CFA francs was drawn at Standard Chartered Bank Yaounde to furnish the main cash office of the head office. No trace of this sum debited from Account "*571 Head Office cash office*" was found.

Subject to the production of proof of registration of that amount as consideration for the withdrawal operated at Standard Chartered Bank Yaounde, it can be considered that there has been an illegal extraction of company funds.

8. Examination of the regularity of some expenditure

8.1. Expenditure with supporting documents

8.1.1. Insufficient justification of certain expenditure

Examination of the documents of account “571 Main cash office” in 2004 and 2005 allows us to draw the following situation of certain categories of expenditure without adequate supporting documents :

Situation of expenditure paid without receipt of sufficient supporting documents (2004 financial year)

N°	No. Of cash voucher	Date	Amount	Nature of expenditure	Observation
1	50208	30.12	1 100 000	Fuel	Insufficient justification
	24803	20.09	1 100 000	Fuel	Lack of receipt
	23471	06.01	1 400 000	Fuel	
	23896	02.03	4 350 000	Lodging/feeding fees	
	25281	04.08	949 440	Electrical equipment	
	25291	05.08	225 000	Office supplies	Payment on pro forma
	24737	08.08	855 000	-//-	
	25118	01.07	6 000 000	Logistical support	
	25184	09.07	1 204 805	Computer supplies	
	24837	28.09	1 456 073	Maintenance equipment	
	50037	30.11	1 831 010	Computer suppliies	
	24846	30.09	5 286 058	Fees for ARMP documents	Insufficient justification
	24 610	09.08	7 364 900	Purchase of plane tickets	
	23500	08.01	2 329 400		
	23494	08.01	2 500 000		
	23482	07.01	180 000	Advertizing space	Lack of receipt

	24766	13.09	456 000	-//-	-//-
	23477	06.01	1 186 800	Registration in training seminar	-//-
			39 774 486		

Statement of expenditure paid without receipt or sufficient justifications (2005 financial year)

	2005				
	No. of Cash voucher	Date	Amount	Nature of expenditure	Observations
	006146	30.11	1 100 000	Fuel	Lack of receipt
	51128	08.04	1 100 000	-//-	
	50420	03.02	1 100 000	-//-	
	50886	04.04	1 100 000	-//-	
	61969	18.05	1 100 000	-//-	
	60127	10.06	1 100 000	-//-	
	60258	07.07	1 100 000	-//-	
	60400	08.08	1 000 000	-//-	
	60495	25.08	1 100 000	-//-	
	61699	12.09	1 100 000	-//-	
	61172	07.10	1 100 000	-//-	
	61325	02.11	1 100 000	-//-	
	61466	30.11	1 100 000	-//-	
	50590	09.03	1 100 000	-//-	
	60188	23.06	430 000	Sundry purchases	
	51145	20.04	300 000	Fees for preparation of Tender File	
	50534	28.02	2 000 000	Minister's visit	Lack of supporting documents
	50566	07.03	2 800 000	Participation in a Forum	Lack of payment receipt
	50926	11.04	860 000	Supply of GMs' bars	
	61975	16.05	1 450 000	Reproduction fees	
	51144	20.04	1 362 600	Makepe Project	

	50365	25.01	1 450 479	Purchase of computer equipment	Payment by pro forma
	50908	07.04	670 000	Training fees	
	50869	30.03	3 542 000	Feeding/Lodging	Total amount of PO: 7 048 000 CFA francs
	60397	08.08	7 418 700	Purchase of plane tickets	
	61395	14.11	1 189 100	-//-	
	50453	08.02	6 063 200	-//-	
	50918	08.04	2 432 400	-//-	
	51103	13.04	7 426 800	-//-	
	60019	25.05	1 350 000	-//-	
	60138	10.06	2 432 400	-//-	
	61307	31.10	7 454 000	-//-	
	61333	04.11	2 446 800	-//-	
	50902	07.04	175 500	Plane ticket	Total amount of PO 665 500 CFAfrancns
	61390	14.11	3 342 000	Sundry supplies	Lack of receipt
	60535	27.12	1 500 000	Greetings cards	-//-
	60523	27.12	2 000 000	Certification DSF	Absence of bill for fees
	50300	10.01	2 730 000	End-of-year gifts	Lack of receipt
	50319	12.01	100 000	Advertizing space	Lack of receipt
	51142	20.04	552 000	-//-	-//-
	51195	04.05	552 000	-//-	-//-
	60456	17.08	1 104 000	-//-	-//-
	61354	08.11	180 000	-//-	-//-
			81 713 979		

Based on the two tables above, the Audit Bench observe that various expenses have been paid from the coffers of SIC in the 2004 and 2005 financial years without conclusive justifications. Payments of the type identified in those cash accounts amounted to 39 774 486 CFA francs and 81 713 979 CFA francs respectively.

8.1.2. Unjustified registration fees in 2005

The payment of registration fees in specialized tax centres necessarily leads to instant issuance of a receipt. But eleven (11) contracts and other documents submitted for registration in 2005 and for which the funds amounting to 3 385 500 CFA francs were disbursed no receipt is attached to the accounting records of the Main Cash Account of SIC.

8.1.3. Bonuses and allowances

Some bonuses were regularly paid to SIC staff during 2004 and 2005. Those were the subject of a review report concerning balance sheet bonuses, budget bonuses and rent collection bonuses.

The Audit Bench questioned the legal basis for these bonuses. The Staff Rules and Regulations in force at that time at SIC have no clear provision in this regard. However, at the end of article 56(2) of those rules and regulations, *"the remuneration which SIC staff may claim includes basic salary to which is possibly added various bonuses and allowances fixed by the Board of Directors."*

The Board indeed took a decision determining the benefits and allowances granted to SIC staff. The three categories of the aforementioned bonuses are not included in the table of such benefits and allowances attached to the decision. In any event, their payment could result only from circumstantial resolutions by the Board of Directors.

The Audit Bench, not being in possession of such resolutions, considers that the Directorate General in granting these bonuses to staff in 2004 and 2005 exceeded its powers and has exercised the powers normally vested in the Board of Directors. The table below summarizes the bonuses of this kind identified during control that were paid in the 2004 and 2005 financial years.

Table of balance sheet, budget and rents recovery bonuses paid during the 2004 and 2005 financial years

	No. of cash voucher	Date	Amount	Nature of expenditure
	Year 2004			
	23556	28.01	4 500 000	Collection fee
	23776	10.02	4 000 000	
	23842	25.02	5 500 000	
	24050	19.03	10 000 000	
	24257	22.04	10 000 000	
	24725	29.09	6 000 000	
	24860	13.10	2 675 000	
	50137	16.12	10 000 000	

			14 700 000	Balance sheet bonus
			1 445 000	
Total			**68 820 000**	
	Year 2005			
	50380	27.01	10 000 000	Collection fee
	51156	25.04	10 000 000	
		18.05	1 500 000	Budget bonus
			10 850 000	Budget bonus 2004
			7 363 000	Budget bonus 2005
			8 850 000	Balance sheet bonus 2002
			6 000 000	Recovery fee
	60399	08.08	4 000 000	
	61629	02.09	25 500 000	
	61857	06.10	16 000 000	
	61344	07.11	7 000 000	
	60533	27.12	15 110 000	Balance sheet bonus 2003
	60557	30.12	6 230 000	Balance sheet bonus 2004
			128 403 000	

In view of this table, the Audit Bench observes that the balance sheet, budget and rent collection bonuses for total amounts of 68 820 000 CFA francs and 128 403 000 CFA francs were paid in 2004 and 2005 by the Directorate General to SIC staff without being based on a specific regulation or authorized on the one hand by the Board of Directors and on the other hand without the payments being duly supported by evidence of statements of payment.

8.1.4. Absence of pay-sheets

In addition to the case of payments of bonuses and allowances mentioned above, the examination of accounts for 2004 and 2005 financial years of SIC established a sample of other bonuses and allowances paid to members of various committees especially in 2004.

Table of some payment of bonuses and allowances without pay-sheets (2004 financial year)

	No. of cash voucher	Date	Amount	Nature of expenditure	Observation
	0023463	05.01.04	6 759 500	Inventory mission 2003 financial year	
	0024823	23.08.04	2 675 000	Bonus MINFI/SIC Committee	
	0025290	05.08.04	2 550 000	Bonus MINFI/SIC Committee	
	0024727	06.09.04	2 675 000	Bonus MINFI/SIC Committee	
	0024866	13.10.04	2 675 000	Bonus MINFI/SIC Committee	
	50211	30.12.04	4 500 000	Bonus for /MINUH/MINFI / MINDEF/SIC Committee	Total amount of PO 12 000 000 F

On the basis of some cash office documents, the Audit Bench observes that bonuses and allowances paid to various committees in 2004 cannot be considered as regular payments in the absence of any indication on the members of such committees and pay-sheets that can ensure that these payments were made to the real beneficiaries.

8.1.5. Undue payment of balance bonuses to auditors

For cash vouchers Nos. 50490 of 14 February 2005 and 60545 of 28 December 2005, the amounts of 1 000 000 CFA francs and 750,000 CFA francs were paid to certain members of the audit firms EURA AUDIT and CB MESSI for 2001/2002 and *"incentive bonus within the framework of 2004 balance sheet work."*

Regarding their remuneration, Article 723 of the same Uniform Act provides that: *The fees of the auditor shall be borne by the company. The amount of the fees shall be fixed globally, no matter the number of auditors who shall share the fees among themselves."*

The Audit Bench notes that the consideration for the services of auditors being fixed as part of their audit and certification of SIC accounts, any payment made outside of this contractual framework is irregular. Accordingly, payment of the sum of 1.75 million CFA francs to these two firms is irregular.

8.2. Expenditure unrelated to the corporate purpose : misuse of corporate assets

8.2.1. Funeral expenses of a parent of a SIC staff

In the category of expenditure unrelated to the corporate purpose, features the case of expenses related to the funeral of a former Deputy Secretary General at the Presidency of the Republic. The deceased being the father of a SIC staff, certain expenses related to the funeral were borne by the corporation. Indeed, article 72 of SIC Staff Rules and Regulations provides:

"In case of the death of the father or mother of a staff member, SIC shall provide a wreath and ensure the transfer of the corpse to the place of burial, if the death occurred in the same city where the staff member resides. The cost of the wreath can be given directly to the staff member upon request.

The transportation of staff members who wish to take part in the funeral, on the basis of a list drawn up by the Directorate General, will be provided by SIC. These staff members are then placed on mission at no cost. "

On examination, it appears that expenditure on this occasion was either not provided for, or out of proportion to what is provided by the Rules and Regulations.

Unanticipated expenditures relate to mission expenses for a period of three (3) to five (5) days for a total amount of 598,500 CFA francs, including transportation costs, paid to a four-person team led by the General Manager to prepare the funeral.

The expenses are out of proportion with those which were the subject of cash voucher No. 50179 of 24 December 2004 amounting to 15 million CFA francs, which, although not having been produced, was recorded in the cashbook and corresponding amounts duly entered.

The expenses of this kind are out of the remit of article 72 referred to above and can rightly be considered as having no connection with the corporate purpose.

8.2.2. Sundry payments

The control also noted in 2004 and classified as expenses that are not related to the business purpose of SIC the following :

- the contribution by SIC to the General Assembly of the *"Eglise Evangélique du Cameroun"* (Evangelical Church of Cameroon) of 1 million CFA francs (Cash voucher No. 50312 of 12.January 2005) ;
- payment from SIC funds of 276,000 CFA francs, the cost of a press release on the commemoration of the memory of the death of persons linked with SIC is not established (Cash voucher N0. 0024617 of 9 August 2004) ;
- the contribution of 500,000 CFA francs to funeral of Ngan Yon Simon and the wife of the Senior Divisional Officer of Mvila Division for which the control could not establish a contractual relationship with SIC (Cash vouchers No. 60290 of 13 July 2005 and No. 50513 of 22 February 2005 of 250,000 CFA francs each);

In total, the Audit Bench observes that payments made from the coffers of SIC in 2004 and 2005 for an amount of 17,374,500 CFA francs had no connection with its corporate purpose.

9. Public procurement

During the 2004-2005 period, with the exception of the tender for the construction of 160 housing projects in Mfandena, subject for further analysis, SIC launched thirteen (13) invitations to tender including seven tenders (7) in 2004 and six (6) in 2005. These 13 bids resulted in the award of seven (7) and nine (9) contracts or jobbing orders in 2004 and 2005 respectively.

Control of SIC accounts for 2004 and 2005 highlighted cases of violation of public contracts regulations. They concern mostly :

- irregular keeping of tenders registers ;
- the interference of the Project Owner in the functioning of the Tenders Board (TB) ;
- contract splitting ;
- failure to register purchase orders in 2005, a measure instituted by the 2005 finance law.

The failure to register the envelopes containing the offers of the bidders in the special register issued by ARMP is failure to observe the provisions governing the award of public contracts considered as a violation of the Public Contracts Code (article 106 (k) of Decree 2004/275 of 24 September 2004).

During the period under review, SIC paid the sum of 7.6 million CFA francs to a committee either to prepare or to validate the work of the Tenders Board. This committee is not provided for by any of the instruments governing public procurement in the 2004 and 2005 financial years and the allowances paid to its members are irregular.

9.1. Contract splitting at the Douala Regional Office

In the Douala Regional Office, certain expenses of the same nature carried out at the same period for the cumulative amounts exceeding 5 million CFA francs were the subject of multiple purchase orders sent to one or more suppliers. This procedure which is considered as splitting of contracts is a violation of the Public Contracts Code.

9.2. Failure to register purchase orders

Any public procurement worth less than 5 million CFA francs is what is sometimes called administrative purchase orders in some public structures. Unlike jobbing orders and contracts, purchase orders were not subject to the formality of registration. Law No. 2004/026 of 30 November 2004 : Finance law of the Republic of Cameroon for the 2005 financial year put an end to this exemption.

Indeed, section 342, related to changes of certain tax provisions provides that:

"The following shall be subject to :

(c) At the average rate of 5 % :

Government contracts and orders of an amounts less than 5 million francs, charged to the budget of the State, Regional and Local Authorities, public establishment and public and semi-public enterprises. "

Paradoxically, this provision applied systematically at the Regional Delegation of Douala was frequently ignored in the Head Office in Yaounde.. The review of certain purchase orders paid in cash, for an amount of at least equal to or greater than 500 000 CFA francs revealed non-compliance with this statutory provision at the Directorate General of SIC. The table below summarizes the cases of vouchers identified in the main cash office Account 570000 at Head Office.

Table of purchase orders paid in cash and not submitted to the registration procedure in 2005

	Year 2005					Year 2005		
	No. of cash voucher	Date	Amount CFA F	Obs.		No, of cash voucher	Date	Amount CFA F
1	50296	10.01	669 649		61	60470	19.08	2 868 100
2	50297	10.01	590 475		62	60468	19.08	2 843 375
3	50322	13.01	1 280 407		63	60481	24.08	1 151 840
4	50331	14.01	867 897		64	60488	25.08	3 575 235
5	50365	25.01	1 450 479		65	61602	26.08	2 428 496
6	50407	31.01	3 730 175		66	61699	12.09	1 100 000
7	50411	01.02	974 165		67	61704	12.09	1 673 878
8	50420	03.02	1 100 000		68	61694	12.09	2 338 732
9	50465	08.02	760 000		69	61693		556 313
10	50491	14.02	1 638 551		70	61694	12.09	2 338 732
11	50588	09.03	588 455		71	61704	12.09	1 673 878
12	50605	11.03	1 438 896		72	61724	14.09	588 455
13	50644	22.03	2 414 149		73	61742	16.09	593 400
14	50886	04.04	1 100 000		74	61751	19.09	856 415
15	50899	06.04	1 112 526		75	61834	04.10	2 045 000
16	50909	07.04	588 455		76	61850	05.10	700 000
17	50919	08.04	2 404 259		77	61178	07.10	1 975 655
18	50920	08.04	2 3947 831		78	61172	07.10	1 100 000
19	50939	12.04	2 161 459		79	61184	10.10	588 455
20	51160	26.04	2 399 314		80	61190	10.10	2 451 236
21	51161	26.04	2 398 820		81	61192	10.10	1 386 974
22	51164	26.04	686 100		82	61193	10.10	1 479 991
23	51195	04.05	552 000		83	61197	10.10	1 938 440
24	51219	06.05	1 425 545		84	61388	10.10	1 730 750
25	51230	09.05	1 256 030		85	61194	10.10	606 256
26	51238	10.05	604 576		86	61197	11.10	1 938 440
27	51245	10.05	2 830 265		87	61215	11.10	1 447 500
28	61957	12.05	556 313		88	61390	14.10	3 342 000
29	61992	18.05	2 109 083		89	61385	08.11	180 000

30	61993	18.05	1 302 000		90	61390	14.11	3 342 000
31	61994	18.05	2 868 100		91	61422	21.11	1 032 516
32	60025	26.05	2 377 309		92	61460	29.11	2 370 139
33	60094	07.06	3 552 488		93	61466	30.11	1 100 000
34	60100	07.06	2 927 440		94	61483	02.12	583 510
35	60117	09.06	1 176 910		95	61494	05.12	691 311
36	60145	13.06	1 226 605		96	61495	05.12	642 850
37	60146	13.06	3 608 455		97	61880	08.12	459 885
38	60231	05.07	669 950		98	61879	08.12	591 442
39	60254	07.07	1 434 050		99	61879	08.12	591 442
40	60261	07.07	1 449 874		100	61898	12.12	9 687 000
41	60258	07.07	1 100 000		101	60501	21.12	2 385 000
42	60261	07.07	1 449 874		102	60501	21.12	2 385 000
43	60270	08.07	814 007		103	60535	27.12	1 500 000
44	60274	11.07	1 447 500		104	60526	27.12	1 500 000
45	60275	11.07	1 182 723		105	60528	27.12	884 228
46	60285	12.07	3 217 217		106	60530	27.12	786 033
47	60305	18.07	845 595		107	60532	27.12	2 100 000
48	60315	19.07	548 895		108	60524	27.12	1 000 000
49	60322	20.07	2 000 000		109	60525	27.12	1 500 000
50	60400	08.08	1 000 000		110	60523	27.12	2 000 000
51	60416	10.08	969 912		111	60535	27.12	1 500 000
52	60424	10.08	1 213 566		112	60523	27.12	2 000 000
53	60447	12.08	1 394 490		113	60564	30.12	6 995 472
54	60456	17.08	1 104 000		114	60567	30.12	4 800 000
55	60469	18.08	2 823 595		115	60564	30.12	6 925 472
56	60468	19.08	2 843 375		116	60559	30.12	1 035 000
57	60469	19.08	2 823 595		117	61880	08.12	459 885
58	60470	19.08	2 868 100					
59	60472	22.08	850 000					
60	60473	22.08	2 441 841					
	Total amount of purchase orders				**236 344 361**			
	Estimated amount of corresponding registration fees (5 %)				**11 817 218**			

Failure by SIC officials to register the purchase orders listed in the table above and in the amount of 236 344 361 CFA francs, following the non-respect of the tax law, results in a loss for the State of tax revenues of about 11 817 218 CFA francs for the 2005 financial year.

10. Construction project of 160 lodgings in Mfandena

10.1. Genesis of the project

The production of lodgings by SIC that stopped in 1985 resumed in 2004 with the Mfandena project. This is the construction of 160 luxury homes on a property complex of eight buildings each housing 20 apartments for sale.

This project really took shape with the launch on 8 April 2004 of tender No. 02/CPM/SIC/AO/2004 for the realization of 160 multi-family R + 4 lodgings at Mfandena. This tender comprised five (5) lots with four (4) building works with two (2) buildings per lot and one (1) lot for access and utilities.

The technical, commercial and financial studies indicated a highly profitable project which was also to revive the housing production process in SIC.

10.2. Project funding

Based on the initial contracts awarded, the cost of construction of these 160 dwellings was estimated at 3 544 590 596 CFA francs excluding the financial charges.

10.2.1. Contracts for the tender No. 02/CPM/SIC/AO/2004

The SIC Tenders Board, after several unfavourable opinion by the Specialised Contracts Control Board for Buildings and Collective Amenities (CSCM/BEC), awarded contracts to three companies as follows:

Table of award of lots

Lot No.	Nature of lot	Preferred bidder	Amount IAT*
Lot 1	Access and utilities (VRD)	FOKOU FOBERD	406 649 456
Lot 2	Buildings A & B	JDE Sarl	706 897 699
Lot 3	Buildings C & D	JDE Sarl	706 897 699
Lot 4	Buildings E & F	JDE Sarl	754 099 295
Lot 5	Buildings G & H	SOBAF	815 752 497

*Inclusive of All Taxes

These awarded contracts were signed on 2 September 2004 for a completion period of fourteen (14) months. Delivery of the contract was expected before the end of 2005.

10.3. Project implementation

After the signing of contracts for buildings and access and utilities on 2 September 2004, the execution of works faced many difficulties blamed on both parties and with the consequence of generating additional works and also making it impossible to meet contractual deadlines.

On 31 December 2005, a month after the original deadline for the acceptance of the work, none of the five lots was completed.

This added to fears that of those who had pre-reserved no longer had any benchmark for entry into possession of their homes, which portended litigation with a high financial incidence on SIC.

It is thus noted, on the implementation of 160 housing construction project in Mfandena, many shortcomings such as non-compliance or incorrect application of the provisions of the Public Contracts Code and the incomplete mastery of actual project costs resulting from clear shortcomings in the preparation of the specifications; all of which led to non-compliance with contractual deadlines, to rising financial charges related to the loan from Shelter Afrique in particular and the total project cost in general.

11. Examination of the balance sheet and profit and loss account

11.1. Reliability of financial statements

The auditor noted shortcomings and the non-respect of certain accounting principles in his reports on the certification of accounts for the 2004 and 2005 financial years. When considering the said accounts, the Audit Bench confirmed these shortcomings likely to give an unfair image of the financial position of SIC.

11.2. Equity

In 2004 and 2005, the share capital of SIC of 1 billion CFA francs had been absorbed by the loss-making results of 2004 and 2005 and previous years.

In 2005 retained earnings were 23 588 994 385 CFA francs and net income showed a loss of 10 965 391 539 CFA francs all of which reduce the equity to 30 329 230 723 CFA francs against 19 363 839 184 CFA francs in 2004. It appears therefore that during this period, SIC had virtually no share capital.

In accordance with the provisions of articles 664 and 665 of the OHADA Uniform Act on commercial companies and economic interest groups, when equity falls below 50 % of the share capital, the alert procedure must be initiated.

In view of the balance sheet carried forward from 2003 to 2004, SIC was already in this configuration in 2004 and no meeting had previously ruled on this. It was finally on 4 August 2005 that the General Assembly decided on the continuation of SIC activities.

The audit of 2006 will have to consider the consequences of this resolution, the deadline being six (6) months.

11.3. Borrowings

Borrowings by SIC dropped from 70 984 390 563 CFA francs in 2004 to 59 161 727 495 CFA francs in 2005, representing a debt reduction of 16.65 %. Notwithstanding this decline, loans remained at a level allowing SIC to have sufficient resources to ensure stable financing for operations.

11.4. Clients, advances received

Advances received from customers are down payments in reservation for acquisition of houses representing 54 % of short-term liabilities. Their evolution between 2004 and 2005 resulted in an increase of 15 231 968 346 CFA francs thus highlighting the difficulties of SIC to complete the construction work for the purpose of delivering reserved lodgings.

11.5. Clients

The customer account has a balance of 22 572 083 677 CFA francs in 2005 against 10 057 143 128 CFA francs in 2004. SIC debts represent 61.12 % of circulating assets and 37.27 % of total assets.

11.6. Turnover

The turnover of SIC remained almost stable between 2004 and 2005 that is, 3 196 883 843 CFA francs in 2005 and 3 019 310 533 CFA francs a year earlier. In addition, it is not enough to generate added value in the face of very high expenditure especially in 2005.

The imbalance of operations, accentuated by expenditure respectively 3.5 and 1.5 times the total revenue gives off a negative operating result during the two years under review, that is, 9 085 485 355 CFA francs (2005) and – 3 483 363 349 CFA francs (2004).

The imbalance in SIC operations which leads to negative results is the cause of the deterioration of the situation of equity, likely to cause the dissolution of the company.

This report has been forwarded to the Minister of Finance, the Chairman of the Board and the General Manager of Société Immobilière SA of Cameroon It will be a point in the agenda of the next board session following its reception and the related resolution should be communicated to the Audit Bench of the Supreme Court.

Reaction of the Minister of Finance of 16 July 2015

"The Minister of Finance

to

The Procureur General of the Supreme Court

Yaounde

Subject: *Final observation report on the management of SIC for the 2004 and 2005 financial years*

I hereby acknowledge receipt of your correspondence related to the subject mentioned and the annexed report.

As a follow-up I have the honour to inform you that I have by mail dated this day, seised the General Manager of SIC so that he may take measures to correct the shortcomings raised by the Audit Bench.

Copy: SIC

Signed

Alamine Ousmane Mey"

CHAPTER 3. OPINIONS AND CERTIFICATION REPORTS

Section 1 : Opinion No. 001/2014/CSC/CDC of 17 November 2014 on the settlement bill for the 2013 financial year

The Audit Bench of the Supreme Court sitting on the seventeenth day of November two thousand and fourteen in the ordinary hearing hall in its Head Office Building situated at the Winston Churchill avenue Yaounde Cameroon issued the following opinion on the settlement bill of the 2013 financial :

Mindful of Order No. 2014/08/CDC/CSC of 8 September 2014 by the President of the Audit Bench to set up a Committee to prepare the opinion on the settlement bill as well as the report on the certification of the general accounts of the State and to appoint members of the said committee;

Considering Letter No. CF/48/CAB/PCDC/CSC of 03 November 2014 by the President of the Audit Bench of the Supreme Court transmitting to the Minister of Finance a copy of the preliminary observations prepared by the Committee in charge of the preparation of the opinion on the settlement bill as well as the opinion on the report of certification of the general account of the State, for his possible observations to be returned to the Audit Bench before Wednesday 5 November 2014 at the latest;

Considering the responses of the Minister of Finance by mail No. 14/4720L/ MINFI/SG/DGTCFM/DCP/SDRBEC of 10 November 2014, received at the Bench on 11 November 2014 and registered on the same day under number 859;

Considering the interim report on the certification of the general account of the State for the 2013 financial year, the final observation report on the settlement bill for the 2013 financial year, prepared by the Committee referred to above, subject of transmission by letters from the Coordinator Nos, 23/CDC/CSC/S1 and 24/CDC/CSC/S1 of 11 November 2014, and 25/ CDC/CSC/S1 of 12 November 2014.

Mindful of Order No. 2014/22/CAB/PCDC/CSC 088 of 13 November 2014 by the President of the Audit Bench to convene members of the Audit Bench to sit in Chambers on 17 November 2013 at 10.00 hours to examine the request for opinion on the settlement bill for the 2012 financial year;

Consideration of the file for request for opinion on the settlement bill for the 2013 financial year thus constituted calls for the following observations regarding the form and the substance.

I – ON THE FORM

1.1. Transmission of the settlement bill to the Audit Bench

Two Instruments fix the legal framework for the transmission of the settlement bill to the Audit Bench :

- Section 21 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State and ;
- Section 39 (c) of Law No. 2006/016 of 29 December 2006 relating to the organization and functioning of the Supreme Court.

It ensues that :

- "the settlement bill and its appendices must be tabled not later than 30 September of the year following the financial year to which it is related";
- the opinion of the Audit Bench on this bill is one of the attached documents.

The settlement bill for the 2013 financial year reached the Audit Bench on 30 September 2014, that is the imperative deadline for its tabling before Parliament. Even though it was late, this transmission date is a marked improvement in relation to that of the 2012 financial year.

Table 1 below illustrates the variation in the date of transmission:

Table 1. Variation between the dates of transmission and the statutory date of 30 September

Financial year	Date of transmission to the AB	Observations
2009	17 September 2010	13 days before
2010	24 October 2011	24 days after

2011	26 September 2012	4 days before
2012	11 October 2013	11 days after
2013	30 September 2014	Statutory date for tabling settlement bill before Parliament

It should however be noted that by Ordinance No. 2013/001 of 5 November 2013, the President of the Republic extended by one month the date for stopping commitments and authorizations for the Public Investment Budget fixed by article 50(1) and (2) of the law of 26 December 2007. The same Ordinance extended by one month the complementary period fixed in article 62(3) of this same law.

As for the 2012 financial year, these extensions had as effect a reduction of the period for the preparation of the settlement bill for the 2013 financial year and as equal time necessary for the financial jurisdiction to fulfil its legal mission.

The recommendation by the Audit Bench with regard to the settlement bill being forwarded to her by the 31 August latest is still valid.

The Minister of Finance takes note of this observation, indicating that the settlement bill was not transmitted within the statutory deadline because of the extension of the timelines for commitments and execution of the investment budget and because the 2013 financial year was that of the start of the programme budget with all the training of actors and the attendant difficulties in the deployment of the PROBMIS application.

This new commitment should be noted.

1.2. Form and content of the settlement bill

The form and content of the settlement bill are defined by sections 20 and 22 of Law No. 2006/006 of 26 December 2007 relating to the Fiscal Regime of the State which provides that :

Section 20 :

(1) *The Settlement Law shall be the law that recognizes the last finance law executed.*

(2) *The Settlement Law shall :*

1°) ratify amendments made by decree to advance appropriations made available by the last finance law ;

2°) fix the final amount of income and expenditure of the budget concerned as well as the ensuing result ;

3°) fix the final amount of resources and cash expenses that contributed to the realization of the financial equilibrium of the corresponding year ;

4°) record the disparities in the implementation of programmes on the basis of the targets of corresponding indicators ;

5°) account for the profit and loss statement of the financial year based on the resources and expenditures mentioned in section 12 above ;

6°) assign the accounting result of the financial year.

(3) *Where necessary, the Settlement Law shall :*

1°) include provisions relating to the information and control of public finance management to Parliament, to State accounting and the regime of the financial responsibility of State employees ;

2°) adopt the special account balances not carried forward to the next financial year.

Section 22: The Settlement Law shall be accompanied by :

1°) the development of budgetary transactions presented by type, identifying forecasts, collections and outstanding collections, payments and outstanding payments ;

2°) a statement of expenditure by programme, specifying the initial allocation, amendments made in the course of management, payment authorizations and payment arrears accompanied by explanatory appendices on the use of appropriations and disparities between forecasts and actual;

3°) annual performance reports of State services prepared by principal authorizing officers ;

4°) explanatory appendices by annex budget and special account ;

5°) a statement on the execution of all investment projects to justify the disparities noted during the year under review between forecasts and actual, by government service and by region ;

6°) the profit and loss statement of the financial year based on the resources and expenditure mentioned in section 12 above.

The settlement bill for the 2013 financial year (40 pages) transmitted by letter No. 0820/MINFI/SG/DGTCFM/DCP/SDRBEC of 30 September

2014 by the Minister of Finance is accompanied by :

1°) appendices relating to :

- Differences between the revenue forecast and collections by type of revenue ;
- evolutions between the allocations, taking-over, payments and bills payable ;
- the situation of issuance of treasury bonds ;
- the situation of Special Appropriation Accounts (13 in number) ;
- the General Account of the State at 31 December 2013 ;
- the treasury balance at 31 December 2013 ;
- the execution of the Public Investment Budget by projects, by head and by region, document registered at the Audit Bench on 1 October 2014 ;
- to annual performance reports of establishments (37 in number) that reached the Audit Bench on 21 October 2014.

2°) Law No. 2012/014 of 21 December 2012: the Finance Law of the Republic of Cameroon for the 2013 financial year, document registered on 1 October 2014;

3°) Information from the Autonomous Sinking Fund (CAA) on the external and internal debt stock at the close of 2013, disbursements made as well as financing obtained during the 2013 financial year, information transmitted by the Minister of Finance on 1 October 2014.

There is need to point out the absence of certain documents that should accompany the settlement bill and the shortcomings in others such as the development of budgetary transactions presented by type by distinguishing the forecasts, the revenue and bills payable.

The Minister of Finance notes the embryonic nature of the accounting system of established dues at the level of tax revenue collection services and the payment by accounting stations of expenditure to conclude that it is impossible at this stage to produce this annexure with the detail expected..

II. Content

2.1. Macroeconomic context of the execution of the 2013 budget

2.1.1. International environment

World economic growth dropped from 2.75 % to 2.1 % in 2013. Most of the developed countries faced enormous difficulties to define the appropriate budgetary policies following the financial crisis.

The situation on the whole was less favourable than forecast even if the euro zone finally emerged from a prolonged recession in that the Gross Domestic Product (GDP) was on the rise. If inflation remained weak all over the world, unemployment on the other hand remained on the increase because of budget austerity policies and continued reduction in debts.

2.1.2. Growth

Sub-Saharan Africa witnessed its growth reach 5.4 % in 2011 and drop slightly to 4.9 % in 2012. This downward trend continued in central Africa which registered a growth rate of about 4 % in 2013 against 6 % in 2012.

The budget framework in Cameroon for the 2013 financial year was therefore carried out within a context of sustained economic growth. Also, the economic, financial, social and cultural programme presented by the Prime Minister in November 2012 retained the simulations contained in Table 2 below.

Despite a difficult international context marked by the drop in prices of raw materials and the fall in the exchange rate, the national economic activity that remained sustained registered a growth rate of 4.7 %. Domestic demand remained on the rise induced by the continuation of the major infrastructural projects on the one hand and by the actions of relaunching of production in several trade branches on the other hand.

Table 2. Simulations and real data

	Simu lations made for 2011	Real data in 2011	Diff	Simu-lations made for 2012	Real data in 2012	Diff.	Simu-lations made for 2013	Real data in 2013	Diff.
Growth rate of real GDP (%)	3.80	4.10	0.30	5.50	4.60	-0.90	6.10	4.70	-1.40
Rate of inflation (%)	3	2.6	-0,4	3	2.9	-	2.1	2.5	+0.4
Price of barrel (USD)	80	111.22	31,24	100	111.65	+11.65	96.60	108.63	+12.03
Exchange rate of dollar (CFA F)	/	506.12	/	464,7	510.89	+46.19	530.1	493.67	-36.42

- *Source of forecasts : the economic, financial, social and cultural programme of the Government for the 2012 and 2013 financial years;*
- *Sources for real data : MINFI/DAE, World Economic Outlook March 2011 IMF, World Bank Global commodity-Price prospects, march 2013 ;*
- *GDP: Gross Domestic Product; Crude; USD: US Dollar.*

The growth observed in 2012 consolidated in 2013 despite a drop in relation to forecasts. This growth is mainly sustained by the contribution of the tertiary sector which represents 47.8 % of the GDP that rose by one point compared to 2012, in relation with the good performance of activities in the transport, telecommunications, trade and hotel sectors.

2.1.3. Inflation

In 2013, prices increased slightly. The rate of inflation reached 2.5 % thus remaining below 3 % corresponding to the regional convergence criterion.

The prices of food items, principal motor of inflation, rose by only 2.2 %. Moreover, the continued freeze on the prices of fuel at the pump also ensured the containment of inflationist tensions.

2.1.4. Situation of public finances

Between 2012 and 2013, revenue already a smaller percentage of the GDP, increased slightly from 18.8 % to 19.9 %, a growth rate of 5 %

while spending increased significantly from 20, 4 % to 23.5 % for a 15 % expansion as shown in table 3 below. This reflects inadequate performance of budget revenue.

Moreover, despite high oil prices and increased production, oil revenue decreased slightly as a percentage of GDP from 5.4 % to 5.2 %.

Low revenue compared to expenditure induces a negative overall budget balance, a budget deficit of about 5.8 % of GDP funded mostly by the increase in the external debt.

Table 3. Budget performance (in percentage of GDP)

		2011	2012	2013
Total revenue		18.2	18.8	19.9
	Oil revenue	5.3	5.4	5.2
	Non oil revenue	12.9	13	15.5
Total expenditure		21.6	20.4	23.5
	Current expenditure	15.3	14.1	16.8
	Equipment	6,3	6.5	6.3
Total budget balance		-4.1	-1.7	-5.8
Total public debt		13.4	15.9	19.3
	External debt	7.3	9	9.7
	debt	27.8	23.4	27.1
	External debt service	1.1	1.7	1.6
	External debt service (% of State revenue)	1.7	2.6	2.4

Sources : - Cameroonian authorities , IMF, April 2014;
- World Bank, Cahiers économiques du Cameroun, January 2014 ;

The budgetary margin manoeuvre seems to reduce as attested by the slight increase in the public debt. Despite a regular increase of the debt burden, all indicators remain below their respective thresholds.

2.2. Budget balance

2.2.1. Accuracy of budget forecasts

According to section 3(1) of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State

"the finance law shall present all the resources and expenditure of the State in an accurate manner".

The accuracy of the budget forecasts of the initial finance law is evaluated by taking into account the information available at the time of preparation of the finance bill and the forecasts that can reasonably ensue.

Thus, the macroeconomic indicators in table 2 above were taken into account during the preparation of the 2013 finance law.

The accuracy of budget forecasts retained from the analysis made from the economic hypotheses done on this basis and that of their real evolution of the same year cannot be questioned.

2.2.1.1. Budget balance of the 2013 financial year.

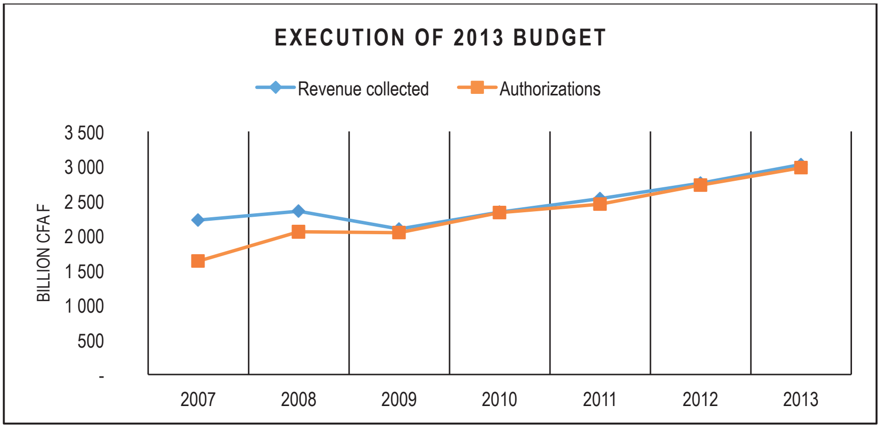
The budget balance as transcribed in the settlement bill, represents the difference between revenue collected (collections) and ordered payments. The following table summarizes the budget balances from 2007 to 2013 and their evolution as represented by the curve in the corresponding graph.

Table 4. Evolution of budget balance from 2007 to 2013

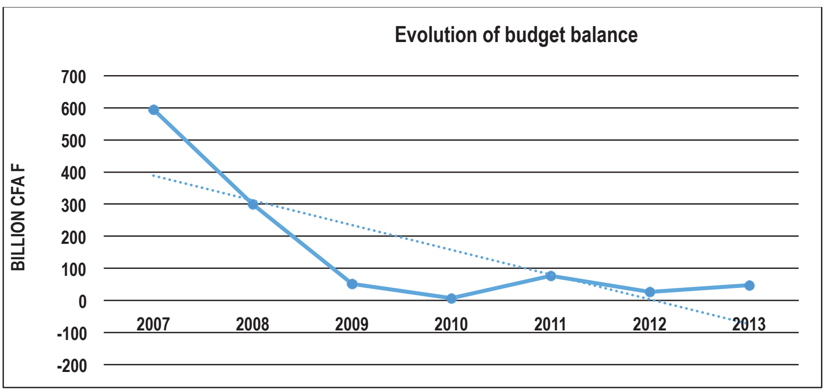
Revenue	To Initial revenue	Readjusted revenue	Realisations
2007 Settlement law	2 251 000 000 000	2 251 000 000 000	2 225 449 831 111
2008 Settlement law	2 276 000 000 000	2 482 000 000 000	2 353 990 394 932
2009 Settlement law	2 301 400 000 000	2 301 400 000 000	2 093 925 888 514
2010 Settlement law	2 570 000 000 000	2 520 600 000 000	2 340 351 834 587
2011 Settlement law	2 571 000 000 000	2 571 000 000 000	2 531 754 050 964
2012 Settlement law	2 800 000 000 000	2 800 000 000 000	2 751 116 362 685
2013 SB	3 236 000 000 000	3 236 000 000 000	3 022 907 925 888

Expenditure	Initial expenditure	Final expenditure	Authorizations
2007 Settlement law	2 251 000 000 000	2 141 011 081 300	1 631 298 865 001
2008 Settlement law	2 276 000 000 000	2 482 000 000 000	2 054 539 861 733
2009 Settlement law	2 301 400 000 000	2 301 400 000 000	2 041 591 207 044
2010 Settlement law	2 570 000 000 000	2 520 600 000 000	2 332 470 662 771
2011 Settlement law	2 571 000 000 000	2 462 302 226 299	2 454 250 747 633
2012 Settlement law	2 800 000 000 000	2 740 683 030 780	2 724 823 831 702
2013 SB	3 236 000 000 000	3 236 000 000 000	2 974 552 242 606
	Balance	**Balance**	**Budgetary balance**
2007 Settlement law	0	109 988 918 700	594 150 966 110
2008 Settlement law	0	0	299 450 533 199
2009 Settlement law	0	0	52 334 681 470
2010 Settlement law	0	0	7 881 171 816
2011 Settlement law	0	108 697 773 701	77 503 303 331
2012 Settlement law	0	278 380 804 481	26 292 530 983
2013 SB	0	0	48 335 683 282

SB: Settlement bill;



The graph below show the evolution of budget balance between 2007 and 2013:



The table and graphs reveal that after a constant drop during the 2007 to 2010 financial years, the budget balance witnessed an unpredictable evolution from the 2011 financial year and stands in 2013 at 48 335 683 282 CFA F against the 26 292 530 983 CFA F of 2012.

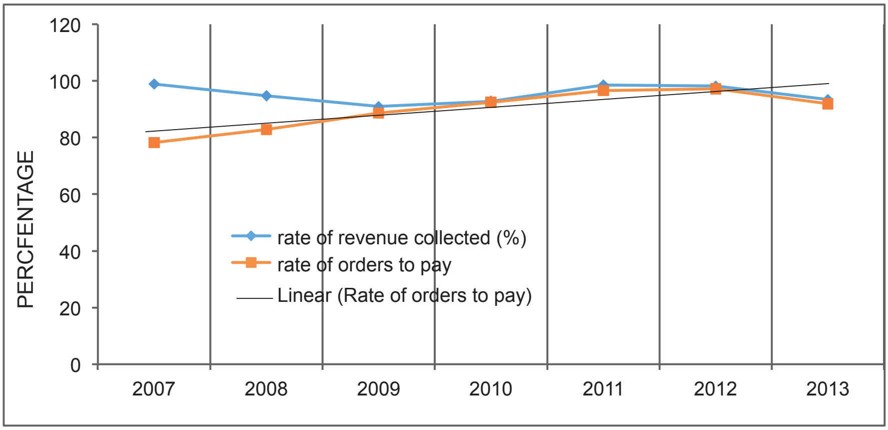
2.2.1.2. Total execution rate of revenue and expenditure for the 2013 financial year

At the close of the 2013 financial year, the total rate of collection of revenue in relation to forecasts stands at 93.41 % and that of scheduled payments of expenditure in relation to final allocations at 91.92 %.

Table 5: Evolution of the rate of collection of revenue and expenditure 2007-2013

Item \ Years	2007	2008	2009	2010	2011	2012	2013
Rate of collection of revenue (%)	98.9	94.8	91	92.8	98.5	98.3	93.41
Rate of authorized payments of expenditure (%)	76.2	82.8	88.7	92.5	96..5	97.3	91.92

The table above indicates that the rate or collection of revenue in relation to initial appropriations diminished noticeably in 2013 in relation to 2011 and 2012 and that of authorized payments of expenditure in relation to the final appropriations which was on regular rise since 2007 clearly dropped in 2013 to drop again to a level lower than that of 2010.



Thus the rate of collection of revenue for the 2007 to 2013 period remains higher than that of expenditure and the noticeable drop in the rates of accomplishments in 2013 in revenue and expenditure expresses a rather difficult execution of the finance law of 2013 compared to 2012.

According to the Minister of Finance, the execution of the budget in revenue and expenditure which is above 90 % is satisfactory and hails the performance within a context where the Treasury has not carried out all commissions of Treasury Bonds from the context initially scheduled by the Finance Law.

2.2.2. Sincerity of the settlement bill

2.2.2.1. Determination of bills payable

The principle of the genuineness concerns the exactitude of accounts kept and established by State public accountants in accordance with the principles and rules of public accounting in force.

In this regard, even if Decree No. 2013/160 of 15 May 2013 on the General Regulations on General Accounting provides in its article 128 a differed gradual application up till the end of six (6) years, Law No. 2007/006 of 26 December 2007 referred to above states in its sections 22 (1) and 63 (1) applicable respectively since 1 January 2008 and from the 2012 financial year on the one hand that the settlement bill is accompanied by "a development of budgetary operations presented by type by distinguishing the forecasts, collections and bills payable" and on the other hand that the General Accounting of the State is founded on the principle of the establishment of rights and obligations.

Certainly, the settlement bill for the 2013 financial year treats bills collectible and bills payable in its appendices I and II. But these appendices do not contain all the information provided for in section 22(1) referred to above.

1°) Unrealized revenue forecasts.

In Annex I of the settlement bill for the 2013 financial year titled "differences between projected revenue and revenue by type of revenue" 'the first table shows the state of collection of revenue for the 2013 financial year and deviations in relation to budget forecasts. It follows from this table that over 213,092,074,112 CFA F of anticipated revenue 170 billion CFA F from issuance of Treasury bonds above two years has not been realised.

2°) Bills receivable

The second table shows by region, collections and outstanding amounts of previous financial years and 2013 financial year of revenue from taxes, customs duties and lands.

Although these outstanding amounts are only a portion of budget revenue, this presentation improves the quality of the settlement bill in that it provides more information on the status of the outstanding amounts. It indicates significant amounts to be recovered of 995.604 billion CFA F.

Thus in the absence of the full application of established dues, the settlement bill for the 2013 financial year only partially presents the data of the achievement of State budget revenue.

For the Ministry of Finance, the state of the current accounting reform, revenue achievement data are accurate and complete. State budget revenue are finally charged in the accounts of Class 7 and all collected State revenue in 2013 is found in the settlement bill.

3°) outstanding payments

Annex II of the 2013 settlement bill indicates that the outstanding payments amounted to 456,948,811,519 CFA F. This amount seems to have been obtained by the difference between the columns "schedules" and "payments". This is not checked for the heads of "public investment budgets (ministerial heads)" and " investment interventions."

The difference between the amount of authorizations and that of payments gives an amount of 474 445 010 419 CFA F instead of 456 948 811 519 CFA F, a difference of 17,496,198,900 CFA F.

This is the place to question the reliability of the method of calculation of outstanding amounts in the absence of the column "taken-over", even though announced in the table.

For the Ministry of Finance, it does not have any consequence in that the authorizations that match the taken-over were highlighted in the settlement bill and the outstanding balances are the credit balances of the accounts 40 of class 4 representing State claims.

These explanations by the Ministry of Finance on the correspondence between the authorizations and taken over do not raise uncertainty about the reliability of the method for calculating the outstanding balances.

2.2.2.2. Modification of appropriations

Pursuant to section 53 of Law No. 2007/006 of 26 December 2007 referred to above,

(*1) Appropriations may be transferred from one head to another by decree of the Prime Minister.*

(2) Appropriations may be transferred within the same head, from one section to another and from one programme to another, by order of the Minister in charge of Finance, on recommendation of the authorizing officer.

(3) Appropriations may be transferred within programmes by order of the Minister within the ceiling of 15 % of the initial budgetary allocations.

(4) The cumulative amount of appropriations transferred in the same year shall not exceed 5 % of the appropriations allocated by the finance law for that year for each of the sections.

(5) No may be transferred without the prior information of the Minister in charge of finance under pain of nullity.

Table 6 below summarizes the modifications that were made during the year.

There are three (03) changes on Heads 1 (Presidency of the Republic), 13 (Ministry of Defence) and 65 (Common expenditure). Yet no decision of transfer of appropriations compared to the allocations of the initial finance law was attached to the settlement bill.

Table 6. Situation of transfer of payment appropriations from head to head

Budget head	Initial appropriations	Final appropriations	Difference	
			Absolute value	Relative value (%)
Head 01 Presidency of the Republic	52 698 000 000	55 513 000 000	2 815 000 000	5,07
Head 13 Ministry of Defence	194 079 000 000	184 179 000 000	- 9 900 000000	-5,37
Head 65 Common expenditure	198 066 000 000	205 151 000 000	7 085 000 000	3,45

It is clear that head-to-head transfers of appropriations were carried out. The Prime Ministerial Decree thereon was not attached to the settlement bill as provided for in section 53 (1) of Law No. 2007/006 of 26 December 2007 referred to above.

The Ministry of Finance takes note of the observation and is committed to place the decree of the Prime Minister thereon at the disposal of the Audit Bench in the settlement bill of 2014.

It is appropriate to take note.

Similarly, it is noted that transfers of appropriations were made within the same head, one section to another. The order of the Minister of Finance thereon was not attached to the settlement bill in accordance with section 53 (2) of Law No. 2007/006 of 26 December 2007 referred to above.

This is for illustrative purposes :

- Head 30 Ministry of Agriculture and Rural Development, the sum of 1,073 million was removed from programmes respectively 392 (466 000 000), 394 (100 million), 391 (507 million) and transferred to the programme 393 (1,073 million) ;
- head 31 Ministry of Livestock, Fisheries and Animal Industries, where the sum of 957 million was transferred to the programme 407, by reducing the programmes 406 (643 000 000), 409 (168 million) and 408 (140 million) ;
- head 33 Ministry of Forestry and Wildlife 960 where the programme benefited from the transfer of 185 million from programmes 961 (136 *million), 962 (32 million) and 963 (17 million)*.

It is clear from the comparison of allocations in payment programmes listed in the initial finance law and final allocations set out in section 5 of the settlement bill that many programmes benefitted from transfers of appropriations.

Of the 156 programmes, 24 were the subject transfer of appropriations beyond the limit of 15 %.

The table below summarizes the list of programmes for which the modification exceeded the limit set by section 53 (3).

Table 7: Programmes that exceeded the limits provided for in section 5 (3)

No.	Head	Programme	Initial allocation	Final allocations	Difference	%
1	01	Programme: 003 Governance and internal management of the Presidency of the Republic	25 646 000 000	30 434 196 238	-4 788 196 238	-18..67
2	04	Programme : 046 Management and coordination of government action	1 498 000 000	1 890 601 548	-392 601 548	-26.21
3	07	Programme : 093 Deepening of the decentralisation process	6 794 000 000	4 489 700 000	2 304 300 000	33.92
4	11	Programme: 136 Improvement of the institutional, legal and methodological framework of administrative control in view of being in phase with international standards	403 000 000	329 733 279	73 266 721	18.18
5	11	Programme: 137 Reinforcement of the fight against misappropriation	1 259 000 000	684 852 228	574 147 772	45.60
6	11	Programme : 138 Steering and building of operational capacity of CONSUPE	2 684 000 000	3 331 414 493	-647 414 493	-24.12

7	13	Programme: 168 Coordination and steering of national defence policy	44 166 000 000	31 769 677 544	12 396 322 456	28.07
8	15	Programme : 198 Educational management and governance	24 036 000 000	14 111 052 538	9 924 947 462	41.29
9	23	Programme : 320 Administration and governance of MINTOUL	2 438 000 000	3 001 461 199	-563 461 199	-23.11
10	25	Programme : 332 Development of secondary technical and professional education	10 459 000 000	12 135 245 743	-1 676 245 743	-16.03
11	25	Programme: 333 Development of general secondary education	823 000 000	670 113 163	152 886 837	18.58
12	26	Programme: 347 Economic promotion of youths	2 793 000 000	2 360 148 250	432 851 750	15.50
13	31	Programme : 407 Amelioration of the health coverage of herds and the fight against zoonoses	4 626 000 000	5 583 987 100	-957 987 100	-20.71
14	35	Programme : 452 Promotion of decent employment	2 219 000 000	2 961 016 975	-742 016 975	-33.44
15	35	Programme : 453 Development of vocational training	3 326 000 000	7 411 650 393	-4 085 650 393	-122.84

16	35	Programme: 454 Reinforcement of the efficiency of the means of action of MINEFOP	7 691 000 000	2 863 332 632	4 827 667 368	62.77
17	36	Programme: 469 Reinforcement of construction engineering	1 183 000 000	596 433 319	586 566 681	49.58
18	36	Programme: 470 Institutional reinforcement of MINTP	32 922 000 000	41 686 213 081	-8 764 213 081	-26.62
19	39	Programme: 511 Amelioration of the competitiveness of SME	1 207 000 000	904 399 291	302 600 709	25.07
20	42	Programme: 557 Social protection and prevention of deficiencies, the social inadaptation of risks and social scourges	649 000 000	783 837 423	-134 837 423	-20.78
21	42	Programme : 559 National solidarity and social justice	941 000 000	642 037 301	298 962 699	31.77
22	43	Programme: 572 Development of the family	632 000 000	836 332 536	-204 332 536	-32,33
23	43	Programme: 573 Institutional development and governance of the sub sector of the woman and the family	1 543 000 000	1 230 780 167	312 219 833	20.23
24	50	Programme: 617 Deepening of administrative reform	274 000 000	491 599 512	-217 599 512	-79.42
Total			**180 212 000 000**	**171 199 815 953**	-	-

The large number of modifications made should have been the subject of a simple summary table of these transfers of appropriations annexed to the settlement bill.

Many changes were made to heads, sections, within heads as well as commitment authorizations and payment of programmes. But no general summary of all transfers of appropriations in each of the two sections help to verify that compliance with the 5 % limit prescribed by law has been presented, this both with regard to the amount of initial allocations and to the final allocations for running and for investment.

With respect to observations 7, 8 and 9, the Ministry of Finance points out that for the first experimental programme budget, emphasis was placed on the performance indicators and the necessary support to managers and accountants in setting targets and reporting results, yet the limit of 15 % of credit transfers was respected in most ministries and the total of the transfers (within) contained within the 5 % limit.

But it remains desirable for a summary table of all credit transfers in both commitment authorizations and payment appropriations for "operation" and "investment actions to be prepared for the information of Parliament.

2.2.2.3. Opening balance of the 2013 financial year of closing balances of the 2012 financial year

All closing balances of 2012 and particularly those in temporary charge accounts on 31 December 2012 were faithfully carried as opening balance of the 2013 financial year, with the exception of imputation accounts 35.

However, the introduction from 2010 of the 39020 account entitled *"Cancellation of unjustified entries"* establishes a practice that violates the principle of fairness of government accounts prescribed both by Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State and CEMAC Directive No. 01/11-CAEU-190-CM-22 of 19 December 2011 concerning finance laws which provide:

Section 60 of Law No. 2007/006: "*State accounts must be regular, genuine and give a true and fair view of its assets and financial situation*";

Article 66 of CEMAC Directive No. 01/11-CAEU-190-CM-22: *"Public accountants are responsible for keeping government accounts in compliance with the principles and rules of the accounting profession. They ensure notably the sincerity of accounting records and compliance with procedures"*.

Article 30 of CEMAC Directive No. 03/11-CAEU-190-CM-22 of 19 December 2011 on the Accounting Chart of the State, "accounting and financial *statements are subject to compliance with the following provisions : the opening balance and/or the opening balance sheet of a financial year must match the closing balance and/or the closing balance sheet of the previous year ...* ".

The examination of the balance annexed to the settlement bill of the 2013 financial year reveals that the balances of certain accounts at the end of 2012 financial year do not match the balances of the same account in the opening balance of the 2013 financial year.

The poor brought-forward of balances of certain accounts found in the table below infringes the principle of the inviolability of the balance sheet and thus impairs the fairness of the general account of the State and consequently that of the settlement bill of the 2013 financial year.

Table 8. Situation of brought forward of opening balance of the 2013 financial year in the closing balance of the 2012 financial year.

Allocation account and nature of operations	Balances at the close of 2012 financial year	Opening balance of 2013 financial year	Noted difference in plus or minus/ change of direction of balance
Class 2 accounts	SD 736 044 200 622	0	/
3508 New brought forward (Transitional provisions)	SD 960 343 808 659	0	/
3509 New brought forward (Transitional provisions	SD 1 017 809 605 944	0	/
3510 New brought forward (Transitional provisions	SD 1 184 494 375 586	0	/

3511 New brought forward (Transitional provisions	SD 1 292 996 498 799	0	/
New brought forward (Transitional provisions	0	BED 1 625 895 542	/
TOTAL 35 New brought forward (Transitional provisions	SD 4 455 644 288 988	BED 1 625 895 542	/

Although the Ministry of Finance mentions "the marginal nature" and the relative importance of the said accounts, it is appropriate to insist on respect for the principle of balance sheet intangibility.

2.2.2.4. Operations charged in the provisional expenditure accounts during the 2013 financial year and not corrected before the close of that year

Treasury Instruction No. 003 / 006I/MINFI/DT/DER of 31 December 2003 provides that *"Provisional allocation accounts need to be identified and lead to additional correction during the additional day. The additional day covers the period reserved for the correction of operations that do not affect the availability of accounts (*Cash, Bank and CCP) including:

- *Take-over of revenue and expenditure for the financial year ;*
- *reception of Statements of Operations to be Transferred (EDOT);*
- *the clearance of the provisional allocation accounts,, third party accounts, correspondents, councils, rejection ... etc.*

During this period, the above transactions are backdated to 31 December and will absolutely stop on 31 January of the current year in the Sundry Operations Ledger (LJOD). "

Some operations charged in the provisional expenditure accounts in the 2013 financial year were not corrected before the close of that year and in violation of the provisions of the General Instruction on the State Accounting and Treasury instruction No. 003/006I/MINFI/DT/DER of 31 December 2003 which state that transactions imputed in provisional accounts must receive the final allocations before the end of the financial year.

Table 9 below shows the distribution of transactions imputed in provisional accounts.

Table 9. Situation of operations imputed in provisional expenditure accounts during the 2013 financial year and not corrected before the close of the financial year

Allocation account	Nature of operations	Debit balance
4810013	Expenditure to be corrected 2013	13 675 840 065
48121313	Bonuses on sales of stamps 2013	336 792 212
48121413	Loss of exchange-PGT 2013	2 555 224 554
48121513	Reimbursement of telephone allowance for Diplomats 2013	7 282 035
48121813	Expenditure to be budgeted- Road Fund 2013	26 900 000 000
481310013	Emoluments of registries 2013	3 227 932 478
48122313	Expenditure to be budgeted- Fiscal Assets 2013	9 979 521
48122513	Expenditure to be budgeted – annual indemnity 2013	1 376 818
48131013	Non urgent legal expenditure 2013	11 430 840 004
481311013	Urgent military justice expenditure 2013	295 385 370
48131112	Emoluments of Baillifs 2013	1 197 434 317
48131113	Urgent legal expenditure 2013	11 851 332 092
481311213	Other urgent legal expenditure 2013	17 526 440
4813113	Court fees to be shared 2013	359 853 859
4813213	Bonuses on sales of stamps 2013	572 590 861
Total	**Debit balances: 72 439 390 626**	

For the 2013 financial year, the budget balance, as described in the settlement bill transmitted to the Audit Bench has a surplus of **48,355,683,282 CFA F**. This balance is obtained by the difference between cash (3022 907,925,888 CFA F) and authorisations (2 974 552 242 606 CFA F).

By taking into account expenditure to be corrected noted above and which normally receives a final charge before the end of the year, the amounts of authorizations should have increased by 72,439,390,626 CFA F or the total amounts of receipts and respective authorisations of 3 022 907 925 888 CFA F and 3 046 991 633 232 CFA F, a deficit of **24,083,707,344 CFA F**.

From a budget surplus of 48 355 683 282 CFA F declared in the settlement bill, the budget balance is rather short by 24,083,707,344 CFA F as mentioned above.

Upon analysis, the above anomalies relating to the accounting treatment of operations charged in provisional accounts affects the accuracy of the settlement bill of the 2013 financial year.

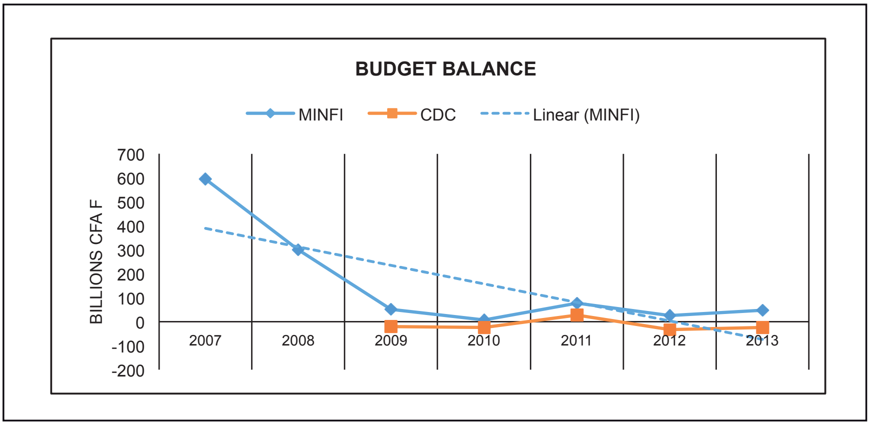
These shortcomings which unduly transfer the revenue and expenditure for the year ended to the following financial years artificially reduce its income and expenditure and thereby alter its budget balance.

The table below shows the evolution of budget balances and revised budget balances since 2007.

Table 10 : Evolution of the budgetary balances and revised budgetary balances from 2007

Financial year	Budget balance according to MINFI	Budget balance revised by the Audit Bench
2 007	594 150 966 110	/
2 008	299 450 533 199	/
2 009	52 334 681 470	- 20 068 511 913

2 010	7 881 171 816	- 24 899 842 916
2 011	77 503 303 331	28 553 739 658
2 012	26 292 530 983	- 33 259 645 732
2 013	48 355 683 282	- 24 083 707 344



The trial balance of 2013 shows that this is a cumulative phenomenon that has been observed since 2004. If for revenue there is a clear improvement of the situation of these provisional operations between the 2012 financial year where they amounted to 366,920,114 CFA F and 2013 where they are reduced to 0 CFA F, expenditure remains on an upward trend. They increase by 26.3 % over the same period.

Table 11 below shows that the cumulative income and expenditure to be corrected stand at an amount on 31 December 2013, respectively at the sum of 759,849,674 CFA F 348 287 488 752 CFA F.

Table 11 : Income and expenditure operations imputed in provisional accounts and not corrected from 2004 to 2013

	Nature of operations	Balance
4802	Revenue to be corrected	SC 680 676 800
48100	Expenditure to be corrected	SD 149 860 386 759
481113	Rejections of expenditure	SC 79 272 874
481201	Finance costs	SD 213 513 452
481212	Legal expenditure to be budgeted	SD 19 440 759 235
481213	Bonuses on sales of stamps	SD 2 865 155 887
481214	Loss of exchange-PGT	SD 8 817 822 391
481215	Reimbursement of telephone allowances Diplomats	SD 51 312 035
481217	Expenditure to be budgeted-Escrow account	SD 63 408 216
481218	Expenditure to be budgeted- Road Fund	SD 27 684 856 299
481223	Expenditure to be budgeted- Fiscal assets	SD 13 095 583 209
481225	Expenditure to be budgeted-annual indemnity	SD 4 366 175
48131	Legal costs	SD 123 631 513 165
48132	Bonuses on sales of stamps	SD 2 558 811 929

Source: Trial balance of consolidated accounts 2013 financial year ;

This persistent practice of imputed operations in provisional accounts and corrected before the end of each financial year affects the principle of prior authorization and alters accordingly the accuracy of the financial situation of the State.

2.3. Collection of revenue

2.3.1. Distribution of revenue in the settlement bill

According to section 1 of the settlement bill for 2013 transmitted to the Audit Bench, the final amount of revenue for the 2013 State budget for 2013 was drawn on the sum of **3,022,907,925 888** CFA F."

This revenue represents a completion rate of 93.41 % are as shown in the table below

Table 12 : Distribution of revenue in the settlement bill

Item	Forecasts	Achievements	Rate of achievement (%)
1. Own-source revenue	2 662 000 000 000	2 665 816 319 702	100,14
- Fiscal revenue	1 852 030 000 000	1 850 428 192 707	99,91
- Other revenue	809 970 000 000	815 388 126 995	100,67
2. Loans and grants	574 000 000 000	357 091 606 186	62,21
Grand total of revenue (I + II)	3 236 000 000 000	3 022 907 925 888	93,41

It shows that own-source revenue experienced a completion rate of 100.14 %, including 99.91 % for tax revenue and 100.67 % for other revenue, while loans and external grants witnessed the lowest achievement rate (62.21 %), particularly due to low issuances of Treasury Bonds above two years (32.00 %).

2.3.1.1. Evolution of revenue from 2011 to 2013

In 2013, State revenue registered a general increase in absolute value of 217 905 982 208 CFA F in relation to 2012 and of 401 965 553 913 CFA in relation to 2011.

Table 13: Evolution of State revenue from 2011 to 2013

Item	2011	2012	2013
1. Own-source revenue	2 263 850 765 789	2 447 910 337 494	2 665 816 319 702
- Fiscal revenue	1 545 682 648 440	1 668 598 788 774	1 850 428 192 707
- Other revenue	718 168 117 349	779 311 548 720	815 388 126 995
2. Loans and grants	267 903 285 175	303 206 025 191	357 091 606 186
Grand total of revenue (Total I + II)	2 531 754 050 964	2 751 116 362 685	3 022 907 925 888
Rate of achievement (%)	98.47	98.25	93.41

Source: Settlement bills of 2011, 2012 and 2013 financial years

In general, the revenue realization rate in relative value has decreased since 2011. Indeed, it moved from 98.47 % in 2011 to 98.25 % in 2012 and 93.41 % in 2013, respectively, a decrease of 0.22 and 4.84 points already highlighted.

The revenue realization rate in relative value is down by 11 %. It dropped from 98.47 % in 2011 to 98.25 % in 2012 before reaching 93.41 % in 2013. This represents a decrease of 0.22 % and 4.84% respectively in 2012 and 2013.

2.3.1.2. Evolution by type of revenue from 2011 to 2013

As mentioned above, State revenue is divided into own-source revenue (tax and others) on the one hand and loans and other grants on the other hand and experience substantial developments.

1°/ Own-source revenue

a) Collection of fiscal revenue

The collection of fiscal revenue is presented as follows :

Table 14 : Fiscal revenue collected from 2011 to 2013

Charge	Item	Collections *in millions de CFA F*			Rate of collection (%)		
		2011	2012	2013	2011	2012	2013
721	Taxes on natural persons	147 134	166 581	195 994	108,35	106.85	112.32
723	Tax on profits of oil companies	214 378	261 207	258 670	105,09	117.93	96.16
724	Tax on persons domiciled out of Cameroon	42 625	43 572	61 708	109.30	89.84	125.94
728	Taxes on transfers, registrations and transactions	29 950	25 147	41 516	90.47	70.84	118.62
730	Value Added Tax and Turn over tax	608 303	624 143	726 947	95.53	95.14	96. 80
731	Tax on specific products and excise duties	182 059	198 030	220 642	99.32	104.23	98.72
732	Taxe on speciific services	1 890	1 730	1 912	35.36	26.63	36. 08
733	Tax on the right to practice a professional activity	6 184	6 750	9 986	123.69	105.48	144.73

734	Tax on the autorisation to use goods and or perform activities	97	73	61 338	1.61	246.55	204.46
735	Other taxes on goods and servcies	8 939	17 341	8 880	127.71	165.15	86.21
736	Import taxes and duites	65 386	85 834	276 594	103.50	117.39	97.84
737	Export taxes and other foreign trade taxes..	8 081	7 481	13 053	64.65	57.55	88.26
738	Stamp duty and registration	30 645	30 704	34 460	123.57	79.34	114.87
Total		**1 545 682**	**1 668 598**	**1 850 428**	**99.59**	**102.62**	**99.91**

The tax revenue collected at the end of the 2013 financial year amounted to 1 850 428 000 000 CFA F. They have risen in absolute value by 181.180 billion and declined in relative terms (-2.71 %) compared to the 2012 financial year.

The increase was due to higher realizations than forecast for entries for the "Taxes on income of natural persons (112.32 %)"; "Taxes on income served to residents domiciled out of Cameroon (125, 94 %); "taxes on transfers, registrations and transactions (118,62 %)"; "Taxes on authorisation to use goods or perform activities (204.46 %)"; "Stamp duty and Registration (114.87 %).

b) Collections of other revenue

Table 15 : Collections of other revenue

Charge	Item	Collections *in millions CFA F*			Rate of collection (%)		
		2011	2012	2013	2011	2012	2013
171	Reimbursement to the State of guaranteed loans			0			0.00
172	Reimbursement to the State of transferred debt			0			0.00
710	Administrative fees and charges	14 668	15 756	14 820	119.71	128.59	120.96
714	Accessory sales of goods	111	75	290	141.51	92.57	367.86
716	Sales of services	10 564	13 518	29 284	77.87	99.65	215.87
719	Rents from buildings and revenue from lands	2 896	3 206	3 692	103.46	114.53	100,31
741	Revenue from the oil sector	646 129	700 710	712 683	152.03	123.58	99.68
745	Receivable Financial revenue	6 556	9 788	9 246	38.64	70.45	47.62
761	Contributions to pension funds of civil servants and other personnel	34 740	34 413	42 089	96.50	95.59	110.76

771	Fines and financial penalties	1 047	1 844	3 279	135.75	238.88	323.15
Total		**718 168**	**779 311**	**815 388**	**127.79**	**115.46**	**100.67**

Other revenue increased in absolute value of 36.057 billion and from 779, 311 billion in 2012 to 815,388,000,000 in 2013. However, they are down in relative value (-14.79 %) compared to 2012 financial year. Compared to 809.970 billion set in the finance law, they record a performance of 815 388 000 000, a collection rate of 100.67 %.

Among this "other revenue", revenue from the oil sector rose from 700.710 billion in 2012 to 712,683 billion in 2013 an increase in absolute value of 11.973 billion and a drop in relative value (-28.45 %) compared to the 2012 financial year. Compared to the 715 billion provided for in the finance law, an achievement related to the oil sector recorded income in the amount of 712 683 billion, that is a collection rate of 99.68 %.

Most other non-oil revenue marked a sharp increase. It is singularly "administrative fees and charges (120.96 %)"; " accessory sales of goods (367.86 %)"; "sale of services (215.87 %)"; "Rents from buildings and lands (100.31 %)"; "Contributions to the pension fund for civil servants and other personnel (110.76 %)"; "Fines and financial penalties (323.15 %).

c) Underestimation of certain revenue

Since the 2011 finance law, certain revenue showed significantly higher collect compared to their forecasts. These collections sometimes more than double or even triple the amounts provided as illustrated in the table below.

Table 16 : Underestimation of certain revenues

in millions CFA F	2011		2012		2013			
		Achievement	%	Collection	%	Forecasts	Collection	%
721	Income tax on natural persons	147 134	108,35	166 581	106,85	174 500	195 994	112.32
723	Non oil IBS	214 378	105,09	261 207	117,93	269 000	258 670	96.16
731	Taxes on specific products	182 059	99,32	198 030	104,23	223 500	220 642	98.72
733	Tax on the right to practice an activity	6 184	123,69	6 750	105,48	6 900	9 986	144.73
734	Tax on authorization to use property	97	1,61	73	246,55	30	61	204.46
735	Other taxes on goods and services	8 939	127,71	17 341	165,15	10 300	8 880	86.21
736	import duties and taxest	265 386	103,50	285 834	117,39	282 710	276 594	97.84
710	Administrative costs and charges	14 668	119,71	15 756	128,59	12 253	14 820	120.96
719	Rents from buildings	2 896	103,46	3 206	114,53	3 681	3 692	100.31
741	Oil sector revenue	646 129	152,03	700 710	123,58	715	712 683	99.68
714	Accessory sales of goods	111	141,51	73	92, 57	79	290	367.86
716	Sales of services	10 564	77,87	13 518	99,65	13 566	29 284	215.87
771	Fines and financial penalties	1 047	135,75	1 844	238,88	1 015	3 279	323.15

The Audit Bench considers this recurring situation as an underestimation of the potential of certain sections of own-source government revenue.

For example, while fines and financial penalties experienced a significant increase in 2011 and 2012, they were budgeted in the 2013 finance law below the achievements of 2011. It follows that the achievement rate at the end of the 2013 financial year under review is 323 %. This is also the case of account 710, achieved respectively at 14,668,132,034 CFA F and 15,756,373,686 CFA F in 2011 and 2012, remained consistently budgeted at 12.253 billion CFA F in 2013.

The table below illustrates this finding.

Table 17 : Illustrations of findings

	2011		2012		2013	
Account	Forecasts	Collections	Forecasts	Collections	Forecasts	Collections
721	135 800 000 000	147 134 245 550	155 900 000 000	166 581 152 096	174 500 000 000	195 994 375 973
733	5 000 000 000	6 184 727 622	6 400 000 000	6 750 967 793	6 900 000 000	9 986 091 907
734	6 030 000 000	97 028 634	30 000 000	73 963 798	30 000 000	61 338 951
735	7000 000 000	8 939 602 736	10 500 000 000	17 341 167 094	10 300 000 000	8 880 105 410
736	256 400 000 000	265 386 034 018	256 400 000 000	285 834 518 273	282 710 000 000	276 594 731 831
710	12 253 000 000	14 668 132 034	12 253 000 000	15 756 373 686	12 253 000 000	14 820 809 650
716	13 566 000 000	10 564 246 782	13 566 000 000	13 518 075 836	13 566 000 000	29 284 248 463
719	2 800 000 000	2 896 916 387	2 800 000 000	3 206 700 741	3 681 000 000	3 692 447 612
714	79 000 000	111 795 543	79 000 000	75 134 045	79 000 000	290 605 805
771	772 000 000	1 047 987 310	772 000 000	1 844 153 695	1 015 000 000	3 279 946 294

2°/ Collections of loans and grants

The collections of loans and grants are presented as indicated in **table 18** below :

Charge	Item	Collections in millions CFA F			Rate of collection (%)		
		2011	2012	2013	2011	2012	2013
150	Drawings from direct foreign multilateral loans	155 819	94 801	132 198	101,84	83.01	76.37
151	Drawings from direct foreign bilateral loans	0	152 355	84 907	0	221.47	100.00
161	Issuance of Treasury Bonds above two years	0	0	80 000	0	0	32.00
769	Exceptional grants from international cooperation	62 083	56 049	59 985	59,70	84.92	90.89
Total		**267 903**	**303 206**	**357 091**	**58.62**	**60.76**	**62.21**

It shows that loans and grants registered in the 2013 financial year amounted to 357.091 billion CFA francs increase of 53.885 billion in absolute terms and 1.4 2 % in relative terms compared to the 2012 financial year. Compared to 574 billion in anticipation of the finance law, their rate is 62.21 %.

Collections below forecast were particularly observed in "Drawings from direct multilateral external loans (76.37 %)"; "Issuance of Treasury bonds above two years (32.00 %)" and "Exceptional grants from international cooperation (90.89 %)."

On the other hand, the drawings from direct external bilateral loans outside realize a performance of 100.00 %.

2.3.1.3. Differences between revenue forecasts and receipts by type of revenue

The situation of the collection of revenue in relation to forecasts is presented as summarized in the table 19 below :

	Forecasts	Achievements	Differrence
1. Own-source revenue	2 662 030 000 000	2 665 816 319 702	3 816 319 702
- Fiscal revenue	1 852 030 000 000	1 850 428 192 707	-601 807 293
- Other revenue	809 970 000 000	815 388 126 995	5 418 126 995
2. Loans and grants	574 000 000 000	357 091 606 186	-216 908 393 814
Grand total of revenue (I + II)	**3 236 000 000 000**	**3 022 907 925 888**	**-213 082 074 112**

It indicates that out of 574 billion of forecasts for foreign loans and grants, 357 090 000 000 was collected in 2013.

The information on loans, projects and grants provided in 2013 by the Autonomous Sinking Fund situate these achievements at 570.222 billion, a difference of 213 138 000 000 CFA F compared to the data of the settlement bill.

There is a lack of consistency between the amounts of resources in loans and external grants provided by the Ministry of Finance and the Autonomous Sinking Fund, which suggests that the settlement bill is not consistent with the principle of completeness.

2.0.0.4. Reconciliation of revenue (balance-settlement law for the 2013 financial year)

The amounts of loans and grants entered in the settlement law are not concordant with those of the trial balance as shown in the **table 20** below.

Charge	Item	Settlement law	Balance	Difference
150	Drawings from direct foreign multilateral loans	132 198	662 967	-530 739

151	Drawings from direct foreign bilateral loans	84 907	726 610	-641 703
161	Issuance of Treasury Bonds above two years	80 000	0	+80 000
769	Exceptional grants from international cooperation	59 985	62 241	-2 256

It is clear that all the data on loans and grants is not included in the trial balance. As a result, the financial jurisdiction notes the need to centralize in the general balance of treasury accounts all operations related to the execution of the State budget in application of the principle of completeness.

The Ministry of Finance takes note of the comments on the lack of consistency between the amount of external borrowing resources and grants provided respectively by the Ministry of Finance and the Autonomous Sinking Fund and the absence of any data on loans and grants in the trial balance. The ministry justifies the lack of consistency on the complexity of external funding which is generally off-balance operations, this recalling only disbursements that transit through accounting stations, in short, the single treasury account. To the Ministry of Finance, seeking correction of this anomaly has started through a working group set up to consider the possibility of installing the SYSTAC and SYGMA applications at the Autonomous Sinking Fund for real-time integration of its operations in the balance of Treasury accounts.

2.4. Expenditure

2.4.1. Evolution of State expenditure from 2011 to 2013

Table 21 below traces the evolution of budgetary expenditure from 2011 to 2013.

Table 21 : Evolution of expenditure from 2011 to 2013

Expenditure	2011	2012	2013
Forecasts	2 571 000 000 000	2 800 000 000 000	3 236 000 000 000
Realizations	2 454 250 747 633	2 724 823 831 702	2 974 552 242 606
Execution rate (%)	95,5	97,32	91,92

Source: Settlement bills for 2011, 2012 and 2013 financial years

It shows that budgetary expenses incurred in the 2013 financial year amounted to 2 974 552 242 606 CFA F or an implementation rate of 91.9 2% compared to the forecast of 3.236 billion CFA F.

2.4.2. State expenditure as presented in the 2013 settlement bill

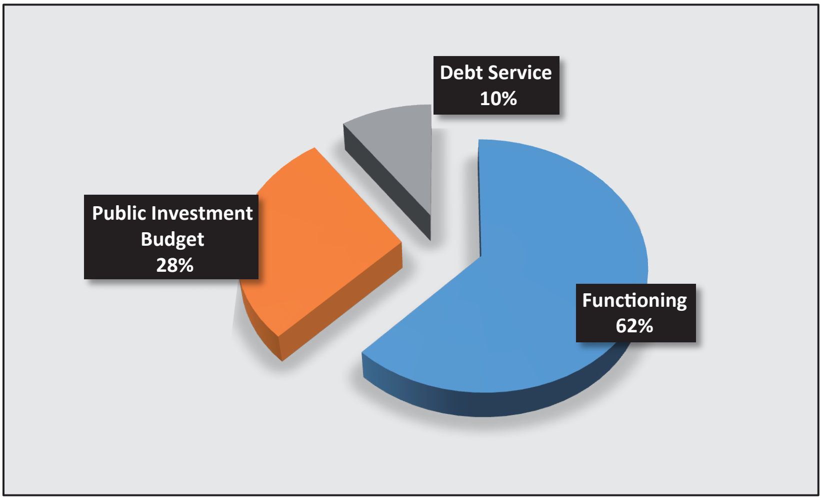
Commitment authorizations issued for the 2013 financial year amounted to 3,733.6 billion CFA F and payment appropriations at 3,236 billion CFA F executed as shown in the **table 22** below:

In billions of CFA F	2012	2013	
	Execution	Allocations	Execution
I. Functioning expenditure	1692.4	2004.6	1,849.5
II. Investment expenditure	249.6	917.4	832.9
III. Unclassified sundry expenditure	0	0	0
IV. Debt service	782.7	314	292.1
Total of budgetary expenditure	2724.7	3,236	2,974.5

Sources : 2012 and 2013 settlement bills

It should be noted that 2013 is the year of the entry into full force of Law No. 2007/006 of 26 December 2007 which establishes the implementation of the programme budget

The chart below shows the breakdown of State expenditure, in functioning, investment and debt service.



2.4.2.1. Functioning expenditure

Analysis of current functioning expenditure led to observations on the use of appropriations, State interventions and contingent liabilities in the public sector.

1°) Use of appropriations

Section 2 of the settlement bill of 2013 financial year approved the expenditure budget for the year to the final amount of 2 974 552 242 606 CFA F, divided by head and economic nature.

Some structures display a budget execution rate of 100 %. :

Table 23 : Executive rest of certain structures

Structure	Budget Head	Amount
National Assembly	3	17 871 000 000
Elecam	51	12 200 000 000
National Commission on Human Rights	52	1 120 000 000
Total		**31 191 000 000**

The Ministry of Finance believes that the expenditure is fully executed when the funds are released to the said structures.

To the Audit Bench, ever since 2011, this execution rate retained by the Ministry of Finance for some structures does not reflect reality and hence does not give a true picture of execution of the budget.

To the Ministry of Finance, the budget execution rate of these structures is actually 100% in that these are the disbursements of funds and that the execution of the budgets of these structures should instead be understood at the level of their Accounting Agencies. The Reporting regarding the State budget refers to the use of appropriations by authorizations and payments.

It should nevertheless be recalled that Law No. 2007/006 of 26 December 2007 referred to above does not provide for exemption from the requirement for the submission and execution of the budget.

2°) State interventions

State interventions are described in the 2013 settlement bill in section 60 that includes the programme “679- Grants and interventions,” for which it granted allocations of 345 450 002 240 CFA F in commitment authorizations and 345.45 billion CFA F in payments.

This programme was executed for 331 825 707 366 CFA F in commitment authorizations, that is, 96.06 % and 314 932 601 863 CFA F payments that is 91.17 %, of which 151 194 159 962 CFA F that is 48.0 % for grants to households.

These subsidies to households, grouped in the 6729 account of the trial balance, increased from 130 billion CFA F in 2011 to 154 344 403 716 F CFA in 2012 and 151 194 159 962 F CFA in 2013.

3°) State guarantee to public establishments and semi-public enterprises in the form of concessional loans

Section twenty-eighth of the finance law for 2013 authorized the government to grant “the guarantee of the State to public establishments and semi-public enterprises in the form of concessional loans exclusively for an aggregate amount not exceeding 40 billion CFA F “. This provision was already in the finance laws of 2011 and 2012.

But the settlement bill for 2013, like those of previous years, does not account for the execution of the amounts of authorized guarantees and beneficiaries as provided for in section 18(3) (5* and 7*) of Law No.2007/006 of 26 December 2007. The Ministry of Finance takes note of this observation and agrees to remedy this shortcoming while mentioning the prescribed period of six (06) years for implementation of all aspects of accrual accounting.

2.4.3.2. Investment expenditure

According to the finance law of the Republic of Cameroon of the 2013 financial year, the public investment budget amounted to 957 billion CFA F, or 29.57 % of the overall State budget. This amount was 792.2 billion or 28.29 % in 2012 and 566.2 billion or 23.07 % in 2011.

In order to improve the level of use of the investment budget, the President of the Republic, as was the case during the 2012, extended by Ordinance No. 2013/001 of 5 November 2013 the deadlines for commitment and authorization of public investment expenditure and the additional period for the year 2013 as follows :

- date of cessation of commitments, 31/12/2013;
- date of cessation of authorizations, 31/01/2014;
- deadline for the supplementary period, 03/31/2014.

The public investment budget, as reflected in the settlement bill of 2013, was broken down as follows :

Table 24 : Public investment budget

In billions of CFA F	Final allocation base F L 2013	Final allocation in payment credits Base SB 2013 Annex II	Commitment In commitment auth. Base SB 2013	Authorizations in payment credits SB 2013	Authorization rate %
Ministerial heads	725.45	685.85	632.77	609. 53	88.87
Various participations	45.00	45,00	44. 99	44. 99	100
Rehabilitations and restructuring	20.00	20.00	19 ,88	19, 88	99.45
Investment Intervention	166.55	166.55	166.55	158.50	95.77
Total investment expenditure	957.00	917.40	867.41	832.92	90.79

It shows that the authorizations of investment expenditure totalled 832.92 billion CFA F, or 90.79 % of the final appropriations in payments which were 917.4 billion CFA F. The final report of the physical and financial implementation of the PIB on 31 December 2013, which is also an annexure to the settlement bill, presented the investment expenditure from three perspectives :

- By head ;
- by project ;
- By project, by head and by region.

1°) Investment expenditure by head

Table 1 of the physical and financial final report on execution of the Public Investment Budget (PIB) on 31 December 2013 produced by the Ministry of the Economy, Planning and Regional Development presents the investment expenditure by source of funding (internal and external resources). Thus, out of 1 454 450 000 000 CFA F commitment authorizations, the credit payments of 2013 amounted to 957 billion, of which 676 billion were financed by internal resources and 281 billion by external resources as shown in **Table 25** below.

Table 25. Investment expenditure by funding source

Item	Final allocations in payment credits	Commitment in Payment credits	Rate of commitment %	Clea-rance	Rate of clearfance %
Internal resources	676	624,64	92,40	533,14	78,87
External resources	281	357,41	127,19	346,7	123,38
Total internal and external resources	957	982,05	102,62	879,84	91,93

In the development of budgetary operations of investment expenditure contained in annex II of the settlement bill, the final appropriations for payments amounted to 917.4 billion CFA F, while this amount is rather 957 billion CFA F in both the forecasts of the 2013 finance law and in the final physical and financial execution report, a difference of 39.6 billion CFA F

The Ministry of Finance attributes this difference to the fact that the physical and financial data include certain projects of multiannual operations while the budget execution status refers to the financial year for which the settlement bill is developed. It also indicates that the physical and financial execution situation also integrates into projects, externally financed expenditure that is not made in the Treasury circuit.

For the Audit Bench, this explanation does not obviate the need that all resources and all financial obligations of the State be budgeted under the principle of completeness.

Furthermore, the said physical and financial execution report shows that the amount of 982.05 billion CFA F was committed to investment spending or 102.62 % of payment appropriations amounting to 957 billion.

Yet sections 15(3), 16(1) and (2) of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State provide that:

- Section 15 (3)

Payment appropriations shall constitute the expenditure ceiling that can be committed and passed for payment during a financial year to cover commitments made under commitment authorizations».

- Section 16 :

«(1) Payment appropriations shall be restrictive, subject to the provisions of section 17 and 18 of this law.

(2) Expenditure shall be committed or authorized only within the limits of payment appropriations made. «

These overruns of payment appropriations are noticed especially on investments financed by external resources to budget heads 20, 22 and 32 as shown in the following table.

Table 26 : Payment appropriations

Budget heads	Allocation in payment credits	Commitment	%
20. Finance	2 200 000 000	2 635 420 000	119.79
22. The Economy, Planning and Regional Development	8 800 000 000	103 131 150 000	1 171.94
32. Energy and Water	59 000 000 000	115 631 750 000	195.99

The Minister of Finance justifies these overruns by the evaluative credit debt.

However, in accordance with section 17(1) of Law No. 2007/006 of 26 December 2007 referred to above, the evaluative nature of credits applies *"to State expenditure and debt repayments"* and not to investments from external funding.

Regarding the financing of investments by external resources, some budget heads witness low or insignificant commitment rates as shown in the table below :

Table 27 : State expenditures of reimbursements of debts

Budget head	Allocation in payment credits	Commitment	%
31. Livestock, Fisheries and Animal Industries	1 500 000 000	172 530 000	11,50
33. Forests and Wildlife	500 000 000	18 320 000	03,66
35. Employment and Vocational Training	4 500 000 000	184 500 000	04,10
45. Posts and Telecommunications	26 900 000 000	417 530 000	01,55

Finally, with regard to investments financed through internal resources, the final physical and financial execution report identifies a clearance rate of 78.87 %, which still remains low when we know that the extension Ordinance No. 2013/001 of 5 November 2013 was to improve the use of appropriations.

Indeed, some budget heads show execution rates of less than 50 % as indicated in the table below:

Table 28 : Execution rates below 50 % and some budget heads

Head	Structure	Rate of execution %
02	Services attached to the Presidency	45.72
08	Ministry of Justice	42.02
12	General Delegation for National Security	40.69
15	Ministry of Basic Education	47.23
16	Ministry of Sports and Physical Education	36.12
25	Ministry of Secondary Education	40.27

40	Ministry of Public Health	45.82
42	Ministry of Social Affairs	25.66
49	Ministry of Women's Empowerment and the Family	39.70

2°) Investment expenditure by project

It appears from the final physical and financial execution report that funding from external resources, payment appropriations of 3.3 billion CFA F shown in table 29 below, allocated to certain budget heads for the execution of projects were not used.

Table 29 : Unused funds allocated to specific budget heads

07. Territorial Administration and Decentralization	1.1 billion
17. Communication	0.2 billion
19. Scientific Research and Innovation	1.0 billion
28. The Environment and Protection of Nature	1.0 billion
Total	**3.3 billion**

The Ministry of Finance explains this by the immaturity of the projects and poor understanding of donor procedures.

3°) Investment expenditure by project, by head and by region

The review of project realizations by head and region highlighted several situations :

- No commitment was made on payment appropriations in certain cases;
- payment appropriations were fully committed but have not been subject to clearance in other cases ;
- finally, some projects experienced poor execution while others saw overspending in their execution as illustrated in table 30 below :

Table 30 : Investment expenditure by head and by Region

Budget Head	Projects	Rate of clearance %
01. Presidency of the Republic	Centre: Renovation and equipment of the Infirmary of the Presidential residence	207
13. Ministry of Defense	North: Execution of infrastructure plans	300
15. Ministry of Basic Education	Littoral: Supply of teachers tables in Government Schools	640
23-Ministry of Tourism and Leisure	Centre : Monitoring and evaluation of projects	183
	East : Equipment of services	120
25. Ministry of Secondary Education	Adamawa : Connection of establishments to AES-SONEL and CAMWATER networks and rehabilitation of electrical or water systems	4148
26. Youth and Sports	Centre : Preparation of a Cameroonian national integration strategy	7150
30. Agriculture and Rural Development rural	Centre : Support to PRODERIP for the production of rice seedlings	1700

2.4.3.3. Public debt service

1°) Actual service of the public debt on 31 December 2013

For the initial allocations of 314 billion CFA F, the debt service highlights authorizations of 292,100,669,727 CFA F and payments of the same amount. Therefore, there is no remainder payable on 31 December 2013 as shown in Annex II to the settlement bill summarized in the table below :

Table 31. Execution of debt service in 2013

Item	Initial allocation in payment credits in the FL 2013	Authorization in payment credits	Payments in payment credits	Out-standing payments
56. Foreign Public debt	92 800 000 000	80 220 754 430	80 220 754 430	0
- 15. Principal	58 700 000 000			
- 64. Interests	34 100 000 000			
57. Internal public debt	221 200 000 000	211 879 915 297	211 879 915 297	0
16. Principal	206 400 000 000			
64. Interests	14 800 000 000			
Total debt service	**314 000 000 000**	**292 100 669 727**	**292 100 669 727**	**0**

2°) Stock of public debt on 31 December 2013

The stock of public debt to 31 December 2013 was 2 619 294 000 000 CFA F, i.e. 1 917 100 000 000 CFA F for the stock of external public debt and 702 194 000 000 CFA F for internal public debt.

This outstanding public debt was 2 121 789 901 782 CFA F on 31 December 2012. It thus increased by 497 504 098 218 CFA F in 2013, that is, 23.45 %. The stock of public debt, which amounts to 2 619 294 000 000 CFA F represents 86.64 % of the revenue collected (3 022 907 925 888) in the 2013 financial year, against 77.12 % in 2012.

After the cancellation of foreign debt after reaching the completion point of the HIPC Initiative that took place in April 2006, Cameroon's debt grew because, among others, of the financing of many structural development projects contained in the Growth and Employment Strategy Paper (GESP).

However, all indicators remain below the CEMAC convergence criterion and thresholds required by the IMF and the World Bank as shown in Table 32.

Tableau 32 .Debt indicators

In percentage	2012	2013		CEMAC convergence criterion	IMF, WB thresholds
Van Stock/BIP	23,4	27,1		70	40
Van Stock/ Export	52	65		/	150
Debt service/ Export	6	5		/	20
Van Stock/Fiscal revenue	88	102		/	250

Thus, Cameroon's risk of over-indebtedness remains low.

However, information on the debt remains patchy and not consistent. Also, for better monitoring and better debt management, the accounting and budgeting of the public debt should be improved.

2.5. Special Appropriation Accounts

The principle of budgetary singularity under section 5 of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State requires that aggregate revenue shall correspond to aggregate expenditure.

Meanwhile, this principle accepts exceptions that allow special allocations that can take the form of supplementary budgets, contests and special treasury accounts funds of which special appropriation accounts are a variant.

In accordance with Article 26 (1) of the above law, the Special Appropriation Accounts indicate as provided by finance law, budget operations financed by special revenue that are inherently connected with the expenditure concerned.

Pursuant to section 25 of the same law, the finance law of the Republic of Cameroon for the year 2013 opened 13 Special Appropriation Accounts, balanced in revenue and expenditure at the sum of 95.3 billion in its chapter 7 and in sections 10 to 24.

The Special Appropriation Accounts opened by this law and their respective allocations are presented as detailed in the table below :

Table 33 : Special Appropriation Accounts

N°	Special Appropriation Account	Montant
1.	Support Fund to victims of disasters and natural calamities	2 000 000 000
2.	Special Appropriation Account for the Regulation of Public Contracts	8 000 000 000
3.	Special Appropriation Account for support to Cultural Policy	1 000 000 000
4.	Special Appropriation Account for Modernization of Research in State Universities	9 600 000 000
5.	Special Appropriation Account for the promotion and Development of Tourism	1 000 000 000
6.	Seed Fund	1 000 000 000
7	Special Appropriation Account for financing Sustainable Water and sanitation Development Projects	500 000 000
8.	Forestry Development Fund	2 000 000 000
9.	Road Fund	5 500 000 000
10.	Special Appropriation Account for the Development of Telecommunications	10 000 000 000
11.	Special Appropriation Account for the Development of the Postal Sector	200 000 000
12.	Special Appropriation Account for the production of secure transport documents	3 500 000 000
13.	Royalties paid by autonomous ports to the National Ports Authority	1 500 000 000
Total		**95 300 000 000**

The examination of these accounts calls for observations on :

- inadequate information on some accounts ;
- overrun of revenue ceilings ;
- the destination of surplus revenue ;
- subsidies granted ;
- the gaps between the execution rate of revenue and temporary expenditure ;
- payment made in terms of bonuses, salaries, etc ;
- absence of direct link between revenue and expenditure ;
- balances not carried forward.

2.5.1. Inadequate information on some accounts

On the form and compared to the settlement bills of 2009, 2010, 2011 and 2012, the settlement bill for the 2013 financial year contains explanatory annexes by Special Appropriation Accounts as required by section 22(4) of the Law of 26 December 2007 cited above.

This is the case with :

- the Special Appropriation Account for the Regulation of Public Contracts ;
- the Special Appropriation Account to support to Cultural Policy ;
- the Special Appropriation Account for the Promotion and Development of Tourism ;
- the Seed Fund ;
- the Special Appropriation Account for forestry development ;
- the Road Fund ;
- the Special Appropriation Account for the Development of Telecommunications ;
- the Special Appropriation Account for the Development of Postal Services.

However, the annexes of the following Special Appropriation Accounts do not give enough information on their management :

- the Special Appropriation Account for Support to Victims of Disasters and Natural Calamities for which there is neither budget nor the implementing decree ;
- the Special Appropriation Account for the modernization of Research in State Universities whose expenses are not detailed through a table indicating the activities carried out ;
- the Special Appropriation Account to Finance Sustainable Development Projects in Water and Sanitation ;
- the Special Appropriation Account for the production of secure transport documents ;
- royalties paid by autonomous ports to the National Ports Authority.

On this point, the Minister of Finance agrees on the need for legislative and regulatory changes.

2.5.2. Situation of Special Appropriation Accounts

As at 31 December 2013, the situation of Special Appropriation Accounts is as shown in the following table:

Table 34 : Situation of Special Appropriation Accounts as at 31 December 2013

Title of account	Revenue projections	Revenue collected	Revenue collected (%)	Execution of expenditure	Execution of expenditure (%)
Support Fund to victims of catastrophes and natural calamities	2 000 000 000	1 500 000	75	84 973 070	4,25
Special Appropriation Account for the Regulation of Public Contracts	8 000 000 000	6 333 268 850	65,92	6 333 298 850	65,92
Speicl Appropriation Account for support to Cultural Policy	1 000 000 000	1 095 502 650	109,55	784 278 571	78,43
Special Appropriation Account for Modernization of Research in State Universities	9 600 000 000	10 000 000 000	104,17	9 111 925 000	94,92
Special Appropriation Account for support to Tourism	1 000 000 000	1 110 416 376	111,04	872 914 498	70
Seed Fund	1 000 000 000	1 000 000 000	100	764 070 647	76,41
Special Appropriation Account for financing Sustainable Water Development Projects	500 000 000	477 625 161	95,53	107 880 621	21,58
Forestry Development Fund	2 000 000 000	2 639 337 042	131,9	2 289 370 879	114,4
Road Fund	5 500 000 000	5 500 000 000	100	23 095 467 134	41,99

Special Appropriation Account for the Development of Telecommunications	10 000 000 000	10 000 000 000	100	5 384 282 805	53,84
Special Appropriation Account for the Development of the Postal Sector	200 000 000	201 400 000	100	152 968 430	76,48
Special Appropriation Account for the production of secure transport documents	3 500 000 000	3 273 325 356	93,52	3 265 580 605	93,30
Royalties paid by autonomous ports to the National Ports Authority	1 500 000 000	1 526 920 785	101,7	1 526 920 785	101,7
Total	**95 300 000 000**	**34 385 970 864**	/	**52 989 653 324**	/

2.5.2.1. Overrun of revenue ceilings

The finance law set the ceiling of resources allocated to furnish the Special Appropriation Accounts for 2013. However, out of thirteen (13) accounts, six (6) are in excess as shown in the following table :

Table 35 : Overrun of revenue ceilings

N°	Special Appropriation Account	Initial allocation	Collection of revenue	Overrun
1	Special Appropriation Account for Modernization of Research in State Universities	9 600 000 000	10 000 000 000	400 000 000
2	Special Appropriation Account for support to Tourism	1 000 000 000	1 110 416 376	110 416 376
3	Forestry Development Fund	2 000 000 000	2 639 337 042	639 337 042

4	Special Appropriation Account for the Development of the Postal Sector	200 000 000	201 400 000	1 400 000
5	Special Appropriation Account for support to Cultural Policy	1 000 000 000	1 095 502 650	95 502 650
6	Royalties paid by autonomous ports to the National Ports Authority	1 500 000 000	1 526 920 785	26 920 785
Total				**873 976 853**

2.5.2.2. The destination of surplus revenue of certain Accounts

The analysis of the settlement bill for the 2013 financial year shows that certain Special Appropriation Accounts give information indicating surplus revenue whose destination was not specified.

These are

- the Special Appropriation Account to support Cultural Policy ;
- the Special Appropriation Account for the Modernization of Research in State Universities ;
- the Special Appropriation Account for the Promotion and Development of Tourism ;
- the Forestry Development Fund ;
- royalties paid by the autonomous ports to the National Ports Authority.

However, pursuant to the provisions of section 26 (3) of the Fiscal Regime of the State "*transfers from an annex budget or special account to the general budget may be effected only from an earmarked account, under the conditions provided for in the finance law*."

2.5.2.3. Subsidies granted to Special Appropriation Accounts

Six (6) out of the thirteen (13) Special Appropriation Accounts opened benefited from State subsidies.

These are :

- the Special Appropriation Account for Support to Victims of Natural Disasters and Calamities ;
- the Special Appropriation Account for support to cultural policy ;
- the Special Appropriation Account for the Modernization of Research in State Universities ;
- the Special Appropriation Account for the Promotion and Development of Tourism ;
- the Special Appropriation Account for Forestry Development ;
- the Special Appropriation Account for the Development of the Postal Sector

However, Article 26 (2) of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State provides that *“except otherwise provided for by a finance law, earmarked accounts may not be subsidized from the general budget ...”*

No finance law was passed to provide subsidies to these structures.

2.5.2.4. Differences between revenue and expenditure

Significant differences continue to be observed between revenue and expenditure.

This is the case with :

- the Support Fund to Victims of Natural Disasters and Calamities for which revenue was realized at 75 % and expenditure at 4.25%
- the Special Appropriation Account to finance sustainable development projects related to water and sanitation for which revenue was collected at 95.53 % and 21.58% of expenditure;
- the Road Fund for which revenue was collected at 100 % and the expenditure at 41.89 %.

This raises questions about the relevance of the projections and the degree of maturity of the projects that leads to the systematic renewal year after year of allocated ceilings, as well as the opportunity and validity of authorizations which are also given under the same conditions.

2.5.2.5. Payment of salaries and sundry allowances

Upon examination, the accounts bore the payment of salaries and other sundry allowances as detailed in the table below :

Table 36 : Payment of salaries and sundry allowances

N°	Special Appropriation Account	Nature of expenditure	Amount	Total expenditure
1.	Special Appropriation Account for the Regulation of Public Contracts	1) Aid and exceptional support	300 000	
		2) Gratifications	159 572 265	
		3) Leave allowances	182 391 314	
		4)Allowances to members of the Board of Directors	25 309 989	
		5)Monthly allowances to the Chairperson of the Board of Directors	12 000 000	
		6) Bonuses	408 349 680	
		7) Salaries	2 016 590 989	
		Total	**2 804 514 397**	**2 804 514 397**
2	Special Appropriation Account for support to Cultural Policy	1) Sundry bonuses	16 770 000	
		2) Social aid and support to spouses and offspring of deceased	2 000 000	
		3) Remuneration for external services	4 571 250	
		Total	**23 341 250**	**23 341 250**
3	Special Appropriation Account for the Promotion and Development of Tourism	1) Bonuses	5 150 000	
		2) Management	102 986 800	
		Total	108 136 800	108 136 800
4	Seed Fund	Personnel salary	15 360 570	
		Total	**15 360 570**	**15 360 570**
5	Forestry Development Fund	1) Operating allowances	12 421 380	
		2) Other personnel expenditure	0	
		Total	**12 421 380**	**12 421 380**

6	Road Fund	1) Remuneration of external personnel	17 661 876	
		2) Allowance of Management Committee	146 678 652	
		3) Personnel expenditure	216 828 973	
		Total	**381 169 501**	**381 169 501**
7	Special Appropriation Account for the Development of elecommunications	1) Sitting allowance	434 345 000	
		2)Allowance to members of the technical committee	24 200 000	
		3) Allowances for special treatment	5 120 000	
		4) Specific allowances	31 175 000	
		5) Payment of part-timers	45 000 000	
		6) Bonus for special work	31 000 000	
		7) Performance bonus (salaries)	172 430 000	
		Total	**1 238 110 000**	**1 238 110 000**
8	Special Appropriation Account for the Development of the Postal Sector	Sitting allowances of members of the postal board and committees	22 632 000	
		Total	**22 632 000**	**22 632 000**
9	Special Appropriation Account for the production of secure transport documents	1) Bonuses for merchant marine experts	8 650 000	
		2) Performance bonus for recovery	50 000 000	
		Total	**58 65 000**	**58 65 000**
10	Royalties paid by autonomous ports to the National Ports Authority	Personnel expenditure	557 465 643	
		Total	**557 465 643**	**557 465 643**
Grand total			**4 726 961 541**	**4 726 961 541**

This was done in violation of section 32(1) of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State, which forbids *to charge directly a special account, expenditure resulting from payment of wages, salaries, allowances and sundry entitlements"*

2.5.2.6. Overall balance of Special Appropriation Accounts

Out of a total initial allocation of 95.3 billion CFA F for the thirteen (13) Special Appropriation Accounts opened for 2013, revenue were collected in the amount of 94,157,796,220 CFA F while spending was executed for a total of 53,773,901,895 CFA F, a surplus of 40,383,894,325 CFA F that has not been integrated into the general result in accordance with section 32 (3) of Law No. 2007/006 of 26 December 2007.

The following table shows the evolution of consumption of allocations of Special Appropriation Accounts during the last three years:

Table 37 : Consumption of allocations of Special Appropriation Accounts from the last Three (03) years

Financial year	Revenue collection	Expenditure execution	Surplus	Rate of consumption
2011	87 700 000 000	67 665 055 818	17 053 979 498	77.15
2012	93 300 000 000	26 516 916 756	66 636 124 231	28.43
2013	95 300 000 000	53 773 901 895	40 383 894 325	56..43

It appears that in spite of the improvements, consumption of appropriations to the Special Appropriation Accounts for 2013 remains low.

2.5.2.7. Lack of a direct relationship between revenue and expenditure

Review of expenditure of Special Appropriation Accounts for the 2013 financial year revealed that they have recorded various expenditure such as aid and exceptional support, benefits in kind to Chairpersons of Boards of Directors, leases for Directors General of the structures to which these accounts are attached, donations and gifts, entertainment expenses, expenses of sovereignty ... etc.

Under the provisions of section 26(1) of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State, "*Special Appropriation Accounts shall show, under conditions provided for in a finance law, budgetary transactions financed by special revenue which are by nature directly related to the expenditure concerned*".

On examination, the direct link between revenue and expenditure of some Special Appropriation Accounts as listed below is not obvious.

Table 38 : Relationship between revenue and expenditure

N°	Special Appropriation Account	Nature of expenditure	Amount	Total expenditure
1.	Special Appropriation Account for the Regulation of Public Contracts	1) Aid and exceptional support	300 000	
		2) Special bonus	159 572 265	
		3) Leave allowances	182 391 314	
		4) Allowances to members of the Board of Directors	25 309 989	
		5) Monthly allowances to the Chairperson of the Board of Directors	12 000 000	
		6) Bonuses	408 349 680	
		7) Salaries	2 016 590 989	
		Total	**2 804 514 397**	**2 804 514 397**
2	Special Appropriation Account for support to Cultural Policy	1) Sundry bonuses	16 770 000	
		2 Social aid and support to spouses and offspring of deceased	2 000 000	
		3) Remuneration for external services	4 571 250	
		Total	**23 341 250**	**23 341 250**
3	Special Appropriation Account for support to Tourism	1) Bonuses	5 150 000	
		2) Management	102 986 800	
		Total	**108 136 800**	**108 136 800**
4	Seed Fund	Personnel salary	15 360 570	
		Total	**15 360 570**	**15 360 570**
5	Forestry Development Fund	1) Operating allowances	12 421 380	
		2) Other personnel expenditure	0	
		Total	**12 421 380**	**12 421 380**

6	Road Fund	1) Remuneration of external personnel	17 661 876	
		2) Allowance of Management Committee	146 678 652	
		3) Personnel expenditure	216 828 973	
		Total	**381 169 501**	**381 169 501**
7	Special Appropriation Account for the Development of communications	1) Sitting allowance	434 345 000	
		2) allowances for members of the technical committee	24 200 000	
		3) Allowances for special treatment	5 120 000	
		4) Specific allowances	31 175 000	
		5) Payment of part-timers	45 000 000	
		6) Bonus for special work	31 000 000	
		7) Performance bonus (salaries)	172 430 000	
		Total	**1 238 110 000**	**1 238 110 000**
8	Special Appropriation Account for the Development of the Postal Sector	Sitting allowances of members of the postal board and committees	22 632 000	
		Total	**22 632 000**	**22 632 000**

9	Special Appropriation Account for the production of secure transport documents	1) Bonuses for merchant marine experts	8 650 000	
		2) Performance bonus for recovery	50 000 000	
		Total	**58 65 000**	**58 65 000**
10	Royalties paid by autonomous ports to the National Ports Authority	Personnel expenditure	557 465 643	
		Total	**557 465 643**	**557 465 643**
Grand total			**4 726 961 541**	**4 726 961 541**

2.6 Review of Annual Performance Reports of Government structures.

These Annual Performance Reports (APR) have nevertheless been the subject of review which culminated in a report inserted in the annexure, the main observations and recommendations of which are given hereunder.

2.6.1. Programme execution results

In the implementation of programmes, annual performance reports distinguish the overall performance from the programme of detailed performance by actions. The review of this implementation of programmes enabled the financial jurisdiction to make findings on both the technical and financial aspects.

2.6.1.1. Technical results

Thus it was found that :

- For some actions of programmes, the rate of technical execution is not specified ;
- the technical result obtained has no connection with the chosen indicator or even with the objective sought ;
- the technical result obtained is above the target value at the end of the first year, which calls into question the choice of the indicator;
- the technical result obtained is in a form that does not match the definition of the objective (Programme 109) ;

- the technical result obtained is not consistent with that stated in the settlement bill as it appears in the annex.

2.6.1.2. Financial Results

In assessing the financial result of the programme, the Audit Bench relied mainly on the rate of implementation of payment appropriations.

Hence the following observations :

- Some programmes with high financial result conceal a rather low credit consumption rate for certain actions (Programme 151 ;
- the financial result is average or low (less than 50 %) for other programmes (Programme 108) ;
- consumed payment appropriations are higher than commitment authorizations in some programmes, a fact which is irregular and should have been the subject of an application of section 53(3) of Law. No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State (programmes 468 and 470) ;
- the financial results are not always consistent with the figures of the settlement bill especially for programmes 401, 407, 408, and 409 of head 31, programmes 467, 468, and 470 of head 36 and the programmes 541, 542 and 543 of head 41 as it appears in the annex.

2.6.2. Recommendations

All this leads to the following recommendations at the end of the first year of execution of programme budgets :

- Review of some objectives and indicators to make them more relevant ;
- review of indicators still too marked by budget of resources for them to actually reflect the search for performance ;
- development by programme managers of an information system adapted to programme budgets ;
- internal audit for all programmes ;
- limiting the number of programme indicators to make them more efficient ;
- the choice of programme managers to avoid conflicts of jurisdiction (Inspectorate General) ;

- the transmission to the Audit Bench of Administration Performance Drafts (APD) immediately after enactment of the finance law.

Conclusion

The settlement bill of the 2013 financial year submitted for the opinion of the Audit Bench pursuant to section 39(c) of Law No. 2006/016 of 29 December 2006 is the first prepared the era of programme budgeting.

Its examination has enabled the financial jurisdiction to note improvements and shortcomings on the form and substance.

On the Form

The settlement bill for the 2013 financial year contains most of the references and documents that must be included in it pursuant to the requirements of sections 20 and 22 of Law No. 2007/006 of 26 December 2007 referred to above.

Its presentation is much improved. However, the non respect of the transmission deadline is the point where further efforts are expected.

On the substance

The execution of the State budget for the 2013 financial year, balanced in revenue and expenditure at 3 236 billion CFA francs, is marked by high achievement rates in both revenue at 3 022 907 925 888 CFA F, or 93.41 % and expenditure at 2 974 552 242 606 CFA francs, or 91.92 %.

The irregularities identified lead to the establishment of a questionable budgetary and financial position. Thus the excess budget balance of 48,355,683,282 CFA F recorded in the settlement bill should be reduced to a deficit of 24,083,707,344 CFA F.

In addition, abnormal movement of balances of certain accounts and poor brought-forward of the opening balance of the 2013 financial year of closing balances of the 2012 financial year of certain patrimonial accounts classes 3-5 impair the genuineness of the settlement bill.

The measures leading to filling the information gap in the detail of all revenue and expenditure as announced by the Ministry of Finance would likely contribute to the accuracy of the financial information of the State.

Legislative and regulatory changes are necessary with regard to Special Appropriation Accounts.

In view of meeting the deadline of implementation of these conditions, the Audit Bench of the Supreme Court considers that the proposed settlement bill of the 2013 financial year can be adopted as it is.

Section 2 : Certification report No. 001/2014/CSC/CDC of 17 November 2014 of the General Account of the State for 2013 financial year

By correspondence No. 2014/0820/MINFI/SG/DGTCFM/DCP/SDRBEC of 30 September 2014, the Minister of Finance transmitted to the President of the Audit Bench for opinion, the settlement bill for the 2013 financial year. This bill was accompanied by the General Accounts of the State for the same financial year.

The transmission of these two documents to the financial jurisdiction requires of the latter to issue an opinion on the settlement bill pursuant to the provisions of section 39 (c) of Law No. 2006/016 of 29 December 2006 on the organization and functioning of the Supreme Court, on the one hand and the production of a certification report on the General Accounts of the State pursuant to the provisions of articles 125 and 126 of Decree No. 2013/160 of 15 May 2013 on the General Rules on Public Accounting, on the other hand.

"Certification is a written and reasoned opinion made by an independent body, under its own responsibility, on the financial statements of an entity. It consists in collecting the necessary elements to obtain reasonable assurance whether the financial statements in all material aspects, conform to a set of rules and principles".

Section 60 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State provides: "*The accounts of the State must be regular, genuine and give a true image of its patrimony and financial standing*".

The Audit Bench has as mission to ensure that the account submitted for certification is in conformity with legal and regulatory provisions and that the financial statements are consistent, genuine and give a fair image of the financial situation of the State.

The certification issued by the Bench is intended to enlighten Parliament which is responsible for monitoring the execution of finance laws. It is also intended for Government and more widely, to all users of financial statements.

In this light, the Audit Bench is performing its mission of assistance to Parliament and to the Government in monitoring the execution of finance laws.

Audit methodology

The Audit Bench carried out its verification within the framework of the provisions of Law No. 2003/005 of 21 April 2003 relating to the jurisdiction, organization and functioning of the Audit bench of the Supreme Court and Law No. 2006/016 of 29 December 2006 to lay down the organization and functioning of the Supreme Court and respect of generally recognized international standards in matters of audit of public finance, especially ISSAI standards and the fundamental principles which govern proceedings before the financial jurisdiction, to wit : independence, contradiction and collegiality.

Institutional independence of the financial jurisdiction guarantees that the controls performed and the conclusions drawn are done in all freedom of appreciation.

Contradiction implies that the facts and appreciations emanating from a control, an investigation or audit, just like all the observations and recommendations made thereon are systematically submitted to the officials or organs concerned; they can only become final after consideration of responses received.

Collegiality occurs to conclude the main stages of the procedure of control and publication.

This is the case with the certification of the General Account of the State.

Concerning standards, some were partly or fully applied here. They include :

- ISSAI 1200 *"Agreement on the objectives of the audit mission"*: this standard is applicable in the sense that Decree No. 2013/160 of 15 May 2013 above provides that:

"Article 125.- (3) *"The accounts jurisdiction shall certify that the financial statements are consistent, sincere and give a fair image of the financial situation of the State".*

"Article 126.- (3) *The General Account of the State shall be produced by the Ministry in charge of Finance to the accounts judge in support of the settlement law which is forwarded to him annually."*

Article 126- (4) *Based on the settlement bill and administrative accounts* *of principal authorizing officers, the judge shall issue an opinion and a certification report on the General Account of the State*".

<u>Article 126 -</u> (5) … *The opinion and report shall be forwarded to Parliament."*

- ISSAI 1250: "Consideration of Laws and Regulations in an Audit of Financial Statements". The Bench takes into consideration all the regulatory and legal instruments governing State accounting, the preparation of the General Account of the State which describes the operations and certification of the said account by the accounts judge. Lastly, the laws giving jurisdiction to the Audit Bench and CEMAC Guidelines were taken into consideration;
- ISSAI 1300 *"Planning and audit of financial statements and distribution of tasks*";
- ISSAI 1520: *"Analytical procedures";*
- ISSAI 1510: *"Opening balances"*: opening balances are systematically examined in order to ensure the exact transfer of balances from the accounts of one financial year to another both at the level of the trial balance as well as that of financial statements ;
- ISSAI 1710: " Comparative information- Corresponding figures and Comparative financial Statements": The production of data of the 2011 financial year carried forward in the General Account of the State for the 2012 financial year ensured comparative analysis from one financial year to another;
- ISSAI 1700:"*Forming an opinion and reporting on financial statements*: an interim certification report is produced and submitted for contradiction by the Minister of Finance. The final report is forwarded to Parliament as provided for by the decree referred to above.

It should be noted that within the framework of the certification of the General Account of the State for the 2013 financial year, the Audit Bench could not apply certain important standards in matters of audit. They notably include :

- ISSAI 1500: *"Audit evidence"* : the verification on documents could not be carried out because of the reduced deadlines of the certification mission this year. The Bench could not therefore collect conclusive elements on observations made on the financial statements especially ;

- ISSAI 1505: *"External confirmations"* : uncertainties on certain accounts could not be dispelled in the absence of circularization ;
- ISSAI 300: Operations were correctly committed, cleared, paid and registered: that paid and registered expenditure operations correspond to those which were normally the subject of taking over in compliance with the principle of establishment of obligations and that revenue operations registered are those that have been cleared ;
- ISSAI 1530 : "Audit sampling" was not performed for lack of time and preliminary exchange between the Ministry of Finance and the Audit Bench.

Certification is an annual mission requiring continuous dialogue with the administration. This approach was not possible within the framework of the mission of this year for several reasons:

- Terms and conditions for exchange not yet agreed upon ;
- Implementation of patrimonial accounting yet to be completed ;
- "E*xperimental*" nature of the General Account of the State *;*
- Absence of preliminary work by the Audit Bench during the execution of the budget corresponding to the General Account of the State concerned with the certification ;
- Non-respect of deadlines for the production of the General Account of the State; its late submission does not give the jurisdiction enough time to carry out verifications on documents, to establish and forward the certification report within deadlines in compliance with the parliamentary calendar ;
- Limited material and financial resources.

Certification proper of the General Account of the State for the 2013 financial year by the Audit Bench considered within the context of this methodology calls for observations with regard to both the form and substance.

1. On the form

1.1. Jurisdiction of the Audit Bench to certify the General Account of the State for the 2013 financial year

The principle of the jurisdiction of the Audit Bench is established.

According to article 126 of Decree No. 2013/160 of 15 May 2013 supra, *"(4) Based on the settlement bill and the administrative accounts of principal authorizing officers, the accounts judge shall give an opinion and issue a certification report on the General Account of the State"*.

« (5) …*the opinion and report shall be forwarded to Parliament"*.

Nevertheless, article 128 of this decree cites the provisions whose progressive application shall be differed up till the end of a timeline of six (6) years, which timeline article 111 of the CEMAC Guidelines No. 02/11-UEAC-190 CM-22 of 19 December 2011 relating to the General Rules of Public Accounting fixes at eight (8) years.

"The full application of rules and procedures resulting from the principle of establishment of rights and obligations as well as patrimonial accounting governing general accounting ;

- *Implementation of cost accounting ;*
- *Report of the accounts jurisdiction on the certification of accounts"*.

It is clear that Law No. 2007/006 of 26 December 2007 referred to above fixes the types of accounting applicable, commitment accounting of revenue and expenditure, financial accounting; cost accounting, is according to its article 79, to enter fully into force on 1 January 2013.

But a combination of the two instruments referred to above reveals that certification cannot be fully performed on the General Account of the State for the 2013 financial year and that it shall legally apply on the General Account of the State for the 2019 financial year.

Thus, if the General Account of the State for the 2013 financial year is due, its certification as well as that of the subsequent submitted accounts up till six years from the 2013 financial year, must take account of the level of appropriation and application *"of rules and procedures resulting from the principle of establishment of rights and obligations as well as patrimonial accounting governing financial accounting*".

The Audit Bench, just like in the 2012 financial year, is performing the certification of the General Account of the State on 31 December 2013 on an experimental basis and within the context of a constructive measure of accompanying the gradual implementation of reform of public finance.

1.2. Transmission deadline of the General Account of the State for the 2013 financial year

The General Account of the State was received from the Minister of Finance on 30 September 2014 at the same time as the settlement bill.

According to section 21 of the Financial Regime of the State *"The Settlement Bill and its appendices must be tabled not later than 30 September of the year following the financial year to which it is related"*.

Moreover, *"State accounts… shall be produced at the Audit Bench not later than three (3) months after the end of the supplementary period of the financial year …"*[7], *"whose time-limit shall be 28 February of the year"*[8].

Obviously, for the financial year under review, the supplementary period was extended to 31 March 2014 in accordance with Ordinance No. 2013/001 of 05 November 2013.

The result is that the General Account of the State should have been transmitted to the Audit Bench as from 1 July to enable the jurisdiction proceed to certification before the date of deposit in Parliament of the settlement bill set for 30 September. This is not the case, the Bench having been seised by mail on 30 September 2014 registered on the same day under number 712.

1.3. Content of the General Account of the State for the 2013 financial year

Decree No. 2013/160 of 15 May 2013 supra provides in its article 125 that *"the General Account of the State shall include the trial balance of the State and the financial statements especially the balance sheet, the income statement, the cash flow table and the annexed statement."*

Article 126(2) of the same decree thus supplements these provisions :

"The General Account of the State shall include :

- *the account balance ;*
- *the balance sheet ;*
- *income statement ;*
- *summary statement of budgetary execution for revenue ;*
- *summary statement of budgetary execution for expenditure ;*
- *statement of accounts of correspondents ;*
- *Cash flow table."*

7 Article 26 of Decree No. 2013/160 of 15 May 2013 supra.
8 Section 62(3) of Law No. 2007/006 of 26 December 2007 on the Fiscal Regime of the State

The General Account of the State for the 2013 financial year, appendice V of the settlement bill reached the Bench under the following composition :

- The trial balance of accounts of the 2013 financial year ;
- The provisional balance sheet of the State on 31 December 2013 ;
- The income statement of the State on 31 December 2013 ;
- Cash flow table on 31 December 2013 ;
- Explanatory notes.

Moreover, the summary statements of budgetary execution in revenue and expenditure appear in sections 1 to 3 of the settlement bill and appendices I to III of this bill.

A summary table of financial services of Treasury correspondents features in appendice V despite the absence of the statement of accounts of correspondents.

Subject to this reservation concerning the statement of accounts of correspondents, the General Account of the State for the 2013 financial year as submitted to the financial jurisdiction for certification is compliant with regulatory provisions governing them.

2. On the substance

According to article 125(3) of the decree of 15 May 2013 supra, *"the accounts jurisdiction shall certify that the financial statements are regular, genuine and give a fair image of the financial situation of the State"*. In this regard, the Audit Bench performed verifications on aspects concerning :

- Carry-forward of balances of the trial balance ;
- Closing balances of accounts of the balance of the 2013 financial year ;
- respect of accounting principles ;
- immovable assets ;
- equity ;
- adjustment account ;
- balance sheet equilibrium ;
- entries of the income statement and cash flow table.

2.1. Carry-forward of balances of the trial balance of accounts

2.1.1. Carry-forward of closing balances of the 2012 financial year to the balance of the 2013 financial year

Examination of the trial balance of the 2013 accounts reveals that the opening balances do not always correspond with the closing balances of the 2012 financial year. This is the case especially with balances of accounts of immovable assets and class 3 accounts.

2.1.1.1. Immovable assets accounts

Failure to carry forward the balances of the 2012 financial year into the 2013 financial year balance was established generally in the accounts as indicated in the table 1 below.

Accounts	Tangible assets	2012 Closing balance	2013 opening balance
		New balance debit	Opening balance debit
20	Intangible assets	46 953 096 477	0
21	Construction lands	3 251 962 071	0
22	Buildings, equipment and furnishings	398 832 709 904	0
23	Real counterpart expenditure	59 930 315 475	0
26	Shareholdings	35 910 380 864	0
27	Unallocated investment expenditure	2 500 000 000	0
28	Capital transfer	188 665 735 831	0
	Total	**736 044 200 622**	**0**

Thus, failure to carry forward to the opening balance of the 2013 financial year of closing balances of immovable assets accounts of the trial balance of the 2012 financial year led to the reduction of the value of the said assets on 31 December 2013 of an amount equal to 736 044 200 622 CFA F.

2.1.1.2. Class 3 accounts

Class 3 accounts indicate in the closing balance of the 2012 financial year a debit balance of **1 399 784 881 532** CFA F. The cumulated balance of the same accounts show in the opening balance of the 2013 financial year a debit in the amount of **1 409 654 416 788** CFA F as demonstrated in the table 2 below :

Account and headings	2012 Closing balance		2013 Opening balance		Obser-vations
	Debit balance	Credit balance	Debit balance	Credit balance	
35 New carry-over (Transitional measures)	4 455 644 288988		1 625 895 542		Unfair carry-over
39000 Difference in the opening balance		3 981 745 815 866	893 569 737 315		Unfair carry-over
39001 Debt stock	424 563 656 263		0		Not carried over
39020 Cancelled unjustified entries		145 352 394 145		116 938	Unfair carry-over
39030 Repeat of opening balance HIPC /IADM	119 533 185 482		0		Unfair carry-over
39031 Exceptional repeat BEC below PP	15 414 484 395		2 731 190 578		Unfair carry-over
Total	**1 399 784 881 532**		**1 409 654 416 788**		

NB : The amount of 1 409 654 416 788 CFA F is obtained by the difference between the respective debit and credit balances of 2 367 857 324 182 FCFA and 958 202 907 394 CFA F.

The carry-forward of the closing balance of certain class 3 accounts in the trial balance of accounts of the 2012 financial year to that of the 2013 financial year is not correct and this inconsistency has a bearing on the quality of this class of accounts..

2.1.2. Carry-forward of balances in the trial balance to financial statements

According to article 112(3) of Decree No. 2013/160 of 15 May 2013 referred to above, "*The General Rules applicable to general accounting of the State are inspired by internationally recognized accounting* *principles. They must ensure the production of the General Account of the State which includes the trial balance of accounts and financial statements......"*

The trial balance of accounts is an exhaustive and obligatory summary statement prepared from all the accounts and featuring for each of them the total amounts of debits and credits and the balance which may be in debit, in credit or nil. At the end of the financial year, it also enables from the balances of all accounts, the preparation of the income statement and the balance sheet and verification, for example, that the total of debit balances of items in the balance sheet less the total of credit balances is equal to the income statement which is also equal to the difference between the credit and debit balances of accounts of income and expenditure. .

2.1.2.1. Carry-forwards to the balance sheet

Examination of the General Account of the State for the 2013 financial year reveals inconsistencies in the carry-forward of certain balances of the balance to the balance sheet. These are demonstrated by the case of the carry-forward of immovable assets as shown in the table 3 below.

Account	Heading	2013 balance	Amount of balance of 2013 balance
20	Intangible assets	99 182 493 218	417 086 137 006
21/22/23	Tangible assets	558 613 255 552	2 697 809 214 356
/27/28	Financial asset	172 887 963 009	1 353 571 368 792

Failure of the relationships between the balances of the trial balance and those of the balance sheet led to inconsistencies in the account balances of the assets concerned in the two documents.

2.1.2.2. Carry-forward to the income statement

The balance of the State's expense accounts in the trial balance of the 2013 financial year amounted to 2 011 578 312 277 CFA F and that of revenue accounts at 2 741 696 030 318 CFA F. This leaves a surplus of 730 117 718 041 CFA F as contained in the income statement and reported as liabilities under the column "*income statement*".

On the other hand, the amount of operating income in the income statement amounted to 2732 780 691 692 CFA F against 2 725 802

227 093 CFA F in the settlement bill (sb), a difference of 6 978 464 599 CFA F. Furthermore, the amount of operating expenses in the income statement amounted to 951 751 566 988 CFA F. This amount differs from that recorded in the settlement bill that is 1 849 523 816 763 CFA francs, a difference of 102 227 750 227 CFA F.

This situation is summarized in Table 4 below:

Elements	Amount SB	Amount Income statement
Total of functioning income (excluding financial assets)	2 725 802 227 093	2 732 780 691 692
Total functioning expenditure (excluding financial expenditure)	1 849 523 816 763	1 951 751 566 988

There are discrepancies between the amounts of revenues and operating expenses in the trial balance and those of the same accounts in the settlement bill

2.2. Closing balances of accounts of the 2013 financial year

The imputation accounts summarized in the tables in appendices showed abnormal balances on 31 December 2013:

- Fifty-four (54) imputation accounts of classes 1, 3, 4 and 5, which can be only in credit or nil pursuant to Instruction No. 13/001/MINFI/SG/DGTCFM/DT/CLC of 1 January 2013 establishing the nomenclature of treasury accounts recorded debit account balances totalling 840,860,645,322 CFA F and distributed as follows :

Class 1 accounts	102 678 948 197
Class 3 accounts	665 418 276 460
Class 4 accounts	72 585 288 984
Class 5 accounts	178 131 681

- The accounts summarized in table 5 below recorded credit accounts in the trial balance of the 2013 financial year contrary to the provisions of the instruction of the Directorate General of the Treasury and Financial and Monetary Cooperation under which the said balances can only be in debit or zero.

No.	Head	Item	Credit balance
1	3610	Current account of Revenue Collection services	37.800
2	414011	Debts Issuance of Recovery Notice 2011	43.889.294.206
3	481113	Rejection of expenditure 2013	81.575.953
4	512004	Advance for purchase of vehicle civil servants	110.591.878
5	5604002	Escrow account-Debt	4.001.824.689
Total			**48.083.324.526**

- The movement of funds recorded in 580241 and 582000 imputation accounts must be balanced at year end and not display a zero balance. But these indicate in the trial balance of the 2013 financial year ending balances receivable of 237168 711 388 CFA F (account 580241) or in credit of 538 967 052 CFA F (account 582000). This situation is contrary to the aforementioned Instruction.

These abnormal credit or debit balances in the trial balance of the 2013 financial year reflect the non-respect of the principles and rules of registration and processing of accounting transactions. They degrade the quality of information entered in the General Account of the State.

2.3. Non respect of accounting principles

Four accounting principles were not respected :

- the principle of justification ;
- the principle of fairness ;
- the principle of double entry ;
- principle of intangibility.

2.3.1. Principle of justification

The presence of account 39020 under the heading "Cancellation of unjustified transactions" was noticed in the closing balance of the 2013 financial year with a credit balance of 25 005 567 CFA F. The title of this account reflects the inconclusive nature of the accounting that it contains.

2.3.2. Principle of fairness

The balance of the accounts on 31 December 2013 has a credit balance 2 012 609 434 872 CFA F of debts (Class 1 accounts "permanent resources"). The balance sheet rather includes the sum of 2 619 294 000 000 CFA F which is the amount of debt reported by the Autonomous Sinking Fund (CAA). The data of an amount of 606 684 565 128 CFA F not indicated in the balance is an admission of its incompleteness. Indeed, a balance sheet is a financial statement that is built from the data of the balance. That provided in support of the General Account of the State does not respect this procedure, which calls into question its fairness.

2.3.1. Principle of double entry

Account 39 000 headed "*Difference in the opening balance*" which is also hectic during the period, is the expression of non-compliance with the double entry that concerned 1 859 676 333 CFA F in debit and 5 967 185 532 CFA F in credit.

2.4. Immovable assets

2.4.1. Fixed intangible and tangible assets

Tangible and intangible assets are 765 033 853698 CFA francs in the account "Fixed Assets". However, the balance sheet reveals rather a sum of 4 468 466 720 154 FCFA. In other words, 3 703 432 866 456 CFA F or 82.88 % of assets have a source outside the accounts instead of being an offshoot of the balance of accounts on 31 December 2013.

The carry-over of balances of assets accounts, imposed by the ministerial instruction of 21 October 2005 specifying the principles and modalities of the preparation, presentation, production and transmission of management accounts has not been applied.

2.4.2. Depreciation and provisions

Accounting for depreciation and provisions is not yet practiced in State accounting which does not give an accurate picture of its assets, although the provisions of the Fiscal Regime of the State cited above suggest that it should be in effect from the 2013 financial year.

There is however need to recall that the practice or not of inclusion of depreciation and provisions should not preclude the carry-over of balances of capital assets.

The lack information on depreciation of immovable assets and provisions, integration of accounts whose justification is not established give an inexact image of the assets in the balance sheet on 31 December 2013.

2.4.3. Equity shares

The amount of acquisitions in equity securities contained in the settlement bill is 44 999 999 321 CFA F. The balance of the accounts on 31 December 2013 indicates an amount of equity securities of 40 654 999 321 CFA F a debit balance corresponding to the movements of the period different from that stated in the settlement bill.

As in the case of intangible and tangible assets, prior data on shares do not appear in credit in the opening balance for the 2013 financial year even though available as shown in the Table of State Assets on 31 December 2013. In fact, the amount of equity securities of the 2003 to 2012 financial years stands at 147 306 103 756 CFA F, added to the balance amount gives the value of equity investments recorded in the balance sheet on 31 December 2013, that is, 187 961 103 077 CFA F.

On these accounting inconsistencies and shortcomings already identified during the certification of the General Account of the State for the 2012 financial year, the Ministry of Finance had explained *"that the balance reflects only the operations of the year without repeat in the carry-over balance in Class 2 accounts."*

As for the balance sheet, all the fixed assets acquired since 2003 were included in it for the sake of patrimonial accounting and this in extra accounting manner. It is worthy to note in this dynamic that these assets are not recorded at their net accounting value. They will then be subject to adjustment upon the entry into force of the future new accounting framework of the State. "

Despite these explanations by the Ministry of Finance, the uncertainties that affect the valuation of fixed assets of the State and its shares lead the Audit Bench to reiterate the urgency of the effective implementation of patrimonial accounting

2.5. Equity

Article 26 of the CEMAC Guidelines No. 03/11-CAEU-195-LM-22 of 19 December 2011 relating to the State accounting chart states that *"the table of net balance position or balance sheet presents the assets and liabilities of the State. It distinctly shows ... in liabilities: financial debts, non-financial debts (excluding cash), provisions for risks and expenditure, liabilities and liabilities adjustment accounts"*. Volume I of the Instructional Guide of the said Chart recalls in that light that the format of the table of net balance position or balance sheet is a specificity taken into account because of the fact that the State has no equity.

Upon review of the liabilities in the State balance sheet on 31 December 2013, an amount of 1 622 695 120 315 CFA F and an income of 726,174,665 in 2012 366 CFA F are carried over. This should correspond to a total carry-over in 2013 of the sum of 2 348 869 785 681 CFA F. However, the total carry-over of the 2013 financial year in the balance sheet stands rather at the sum of 1 938 517 453 217 CFA F. It is therefore established that the amount of equity in the balance sheet of the 2013 financial year is wrong.

The examination of the interrelations between the balance and financial statements reveals many uncertainties that compromise especially the good equity valuation in the General Account of the State.

2.6. Adjustment account

Another weakness of the State's balance sheet on 31 December 2013 is the use of the *adjustment account*.

If the *Assets Adjustment account*, provided for by State Accounts Chart is very explicit with an indication of elements of circulating assets such as *expenses to be adjusted, Court costs, rejected expenses, bonuses on sales of stamps has a debit of 303 659 047 118 CFA F, the other Adjustment Account featuring in the assets as a result of the* block of the debit *Treasury Asset* in the amount of 275 528 192 671 CFA *F* does not disclose its contents as had already been noted by the Audit Bench in the General Account of the State for the 2012 financial year. The examination of the various balances of the trial balance of accounts on 31 December 2013 does not enable justification of this amount in the assets of the balance sheet.

The integration of the second Adjustment Account in the government's balance sheet on 31 December 2013 further deteriorates the quality of this financial statement which thus included assets adjustments of 579187239 789 CFA F, that is, 8.61 % of total balance sheet.

2.7. Offsetting revenue

The balance of accounts 415 "invoice of customs assessments" is 193 662 507 101 CFA francs on 31 December 2013. This balance includes the amounts to be recovered before 2013 of 102 000 750 706 CFA F. The same amount is included in the trial balance and balance sheet for the 2013 financial year for claims on third parties even though it was paid by offsetting in accordance with regular agreements between the State of Cameroon and SONARA respectively represented by MINFI and the General Manager of the said enterprise.

Omission of accounting for revenue collected by offsetting alters by an amount equivalent to the financial situation of the State and shows the non respect of the principle of completeness and therefore the fairness of the General Account of the State.

2.8. Inconsistent entries in the income statement and the cash flow table

Review of the cash flow in the light of certain items of the income statement shows that certain items have differing amounts in the two financial statements.

Thus, intervention expenditure has a total of 498 405 773 391 CFA F while financial expenditure amounting to 42.711 billion CFA F in the cash flow statement on 31 December 2013.

In the income statement, these accounts have respective amounts of 458 649 238 329 CFA F and 59 826 745 289 CFA F.

The exact amounts of the cash flow being in doubt, the interpretation of this financial statement is therefore questionable.

Conclusion on the Certification of the General Account of the State for the 2013 financial year

The certification deadlines, dependent on the submission deadline of the General Account to the Bench are not likely to allow it to perform all the audit tasks in accordance with international standards. On another level, patrimonial accounting which is the reference framework of the production of the General Account of the State is not yet implemented in all material aspects, such as the inventory of items of assets and their evaluation, the constitution of depreciation and provisions of certain items of assets. Equally, the instruction of the Minister of Finance to set its terms and conditions as provided for by Article 121 (2) of Decree No 2013/160 of 15 May 2013 concerning the General Rules on Public Accounting has not yet taken place.

For all these reasons, the practice of certification of the General Account of the State for the 2012 financial year, prepared on an “experimental basis” as recognized by the Minister of Finance, must be put into perspective. It is essentially of educational nature and cannot have any impact on the opinion of the Audit Bench on the settlement bill for the 2013 financial year.

Thus, the Audit Bench considers :

- That the production of the General Account of the State for the financial year that ended 31 December 2013 to the financial jurisdiction as prescribed by Article 126 of Decree No. 2013/160 of 15 May 2013 concerning the General Rules on Public Accounting of the State is a step in the right direction for the implementation of general accounting ;

- That this implementation is part of a process of preparation of financial statements in conformity with generally accepted accounting principles in order to correct the shortcomings such as identified by the Audit Bench and admitted by the Minister of Finance ;
- That however and meanwhile, the Audit Bench will continue, pursuant to Article 82 of the CEMAC Guidelines on finance laws, to "give its assessment of the conformity of the General Account of the State with the management accounts of principal public accountants with administrative accounts of the principal authorizing officers";
- That under these conditions, the General Account of the State for the 2013 financial year as produced is not ready for certification.

Section 3 : Act No. 002/2014/CSC/CDC of 27 November 2014 to certify the revenue reporting forms of government structures and public entities of the extractive sector for the 2012 financial year

The Audit Bench of the Supreme Court of Cameroon, sitting in joint session on 27 November 2014 at 11:00 in the regular hearing room, located at its headquarters in Yaounde, adopted the act of certification of revenue declaration forms of government structures and public entities of the extractive sector in the 2012 financial year. This annual report presents excerpts.

1- REFERRAL BY THE MINISTER OF FINANCE

By letter No. CF/404/MINFI/EITI/ST/C of 27 October 2014 received and registered in the Audit Bench of the Supreme Court on 28 October 2014 under number 821, the Minister of Finance wrote to the President of the said jurisdiction as follows:

"Dear Sir,

As part of the preparation of the conciliation referred to above, the EITI Committee organizes on 29 October 2014, at the Hotel MONT FEBE

Yaounde, a training workshop on the use of the reporting form. This workshop will be facilitated by the MOORE STEPHENS firm, conciliator for 2012.

Given the critical role that your institution plays in the reliability of government statements included within the scope of conciliation in reference, the Committee looks forward to the participation of representatives from your Bench in the abovementioned workshop.

The conciliator will immediately launch after the workshop, the data collection phase by transmitting to all stakeholders the reporting form accepted by all parties. The duly signed and certified forms of all entities within the scope of reconciliation must then be transmitted no later than 12 November 2014. To this end, each of the following administrations will have to directly submit their reporting form, duly completed and signed by their manager for certification :

- The Directorate General of Taxes ;
- The General Directorate of Customs ;
- The Directorate General of the Treasury, Financial and Monetary Cooperation.

As you know, it is particularly expected from the Audit Bench that it produces a letter of confirmation that the verification of the above government accounts were carried out in accordance with international standards or with generally accepted standards in Cameroon if these are convergent with international standards, which it may wish to specify.

It should be emphasized that the settlement law of 2012 will also be sent to the conciliator.

As with the reconciliations for 2009, 2010 and 2011, I hope that the intervention of the Audit Bench allows our country to fulfill its commitments vis-à-vis EITI which requires the production of the EITI report of 2012 before 31 December 2014.

I thank you in advance for your usual support.

Please accept, Sir, the assurance of my highest consideration. /

Attachment: EITI reconciliation dates of 2012 financial year

Sgd : The Minister of Finance ".

2- JURISDICTION OF THE AUDIT BENCH

The jurisdiction of the Audit Bench of the Supreme Court is based on the Constitution, laws to lay down the organization and functioning of the Supreme Court, the jurisdiction, organization and functioning of the Audit Bench and relating to the Fiscal Regime of the State as well as the decrees of application of the Fiscal Regime of the State and the CEMAC Guidelines of 19 December 2011.

In this regard, the Audit Bench is competent to :

- Control and rule on public accounts as well as those of public and semi-public enterprises ;[9]
- Give its opinion on settlement bills submitted to the Parliament, draw up and publish the annual reports on State accounts to be submitted to the Head of State[10] ;
- Certify that the financial statements are regular, genuine and present a fair image of the financial situation of the State and in view of the settlement bill and administrative accounts of the principal authorizing officers, to give an opinion and a certification report on the general account of the State[11] ;

Law No. 2003/005 of 21 April 2003 relating to the jurisdictions, organization and functioning of the Audit Bench of the Supreme Court states :

"Section 10. - *The Audit Bench shall give its opinion on any matter referred to it in connection with the control and verification of accounts.* "

"Article 33. (1) *After examining the answers of the accountants and the complementary conclusions of the rapporteur, the Audit Bench shall give a final ruling on the accounts.*

The ruling on the account shall comprise two parts :

a) – The first part shall certify the nature of the accounts and any corrections shall be indicated ;

b) - the second part shall determine the regularity of the accounts, an accounting surplus or an accounting deficiency and where applicable indicate the respective periods when the operations were effectively carried out. "

9 Section 41 of the Constitution

10 Section 39(c) and (d) of Law No. 2006/016 of 29 December to fix the organization and functioning of the Supreme Court

11 Section 60 of Law No. 2007/006 of 26 December 2007 relating to the Fiscal Regime of the State, articles125 and 126 of Decree No. 2013/160 of 15 May 2013 on the General Rules on public accounting

Because of all these prerogatives, it is competent to certify the reporting forms of revenue of government structures and public entities the accounts of which it controls.

3- EXAMINATION OF FILES OF REVENUE REPORTING FORMS OF THE EXTRACTIVE SECTOR

By Order No. 2014/11/CAB/PCDC/CSC of 14 November 2014, the President of the Audit Bench appointed a team of rapporteurs for the examination of the file of the extractive sector accounts for certification of 2012.

This examination was made on the basis of the documents accompanying the revenue reporting forms, information collected directly from the entities using, where appropriate, information and technology communication. Confirmations made in the trial balance of the 2012 financial year completed the examination that has culminated in the preparation of a certification report discussed in Chambers of 27 November 2014.

Regarding the methodology adopted and the measures taken, the certification mission was conducted in accordance with generally accepted international standards in auditing of public finances, including "International Standards of Supreme Audit Institutions" (ISSAI).

Thus :

- the letter from the Minister of Finance No. CF/404/MINFI/EITI/ST/C of 27 October 2014 specifying the terms of the mission is in compliance with ISSAI 1210 on the terms of engagement of audits;
- the team of rapporteurs used documents both on EITI procedures and instruments which regulate the various revenue concerned with certification, in accordance with ISSAI 1250 on the consideration of laws and regulations in an audit and ISSAI 1230 on audit documentation ;
- the team leader undertook the planning and distribution of tasks between the rapporteurs as required by ISSAI 1300 ;
- the mission conducted an arithmetic verification of the amounts of revenue entered on the reporting forms ;
- the mission verified that the reporting forms are supported by a detailed statement of payments with payment receipts references or transfer orders to the Public Treasury account ;
- the mission compared the details of the payments provided by the different administrations (DGI, DGD) with those produced by

the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM) ;

- finally, the figures in the reporting forms of the DGTCFM, DGI and DGD were compared to the figures in the trial balance of accounts of the 2012 financial year which were used in the preparation of the settlement law of the said financial year, the draft on which the Audit Bench issued Opinion No. 001/2013/CSC/CDC of 15 November 2013.

The numerous meetings and telephone and electronic communications that took place between the team of rapporteurs and the various heads of structure involved in the preparation of reporting forms are in compliance with ISSAI 1260 and 1265.

It should be noted that the mission did not carry out circularization, that is to say, the external confirmation of the information that is under the jurisdiction of the conciliator. Therefore, ISSAI 1505 was not applied.

OBSERVATIONS MADE ON THE REVENUE REPORTING FORMS OF GOVERNMENT STRUCTURES AND ENTITIES OF THE EXTRACTIVE SECTOR FOR THE 2012 FINANCIAL YEAR

4.1. Admissibility of the request of the Minister of Finance and deadlines

The Minister of Finance, in his capacity as President of the Extractive Industries Transparency Initiative (EITI), Committee seized the Audit Bench to certify the reporting forms of government structures and entities for the 2012 financial year. His request is admissible.

Regarding deadlines, duly signed and certified forms of all entities within the scope of conciliation had to be sent to the conciliator no later than 12 November 2014 under the above correspondence from the Minister of Finance. The income statements of the various structures should have reached the financial jurisdiction much earlier than this date.

The table below shows the actual transmission of these forms of the 2012 financial year at the Audit Bench.:

Serial No	Structures	Date of deposit of forms	Observations
01	Directorate General of Taxes (DGI)	12 November 2014	Letter No. 5385/MINFI/DGI of 12 November 2014
02	Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM)	13 November 2014	Letter No.14/000369/MINFI/SG/ DGTCFM/DT/SDRBEC of 13 November 2014
03	Directorate General of Customs (DGD)	14 November 2014	Letter No.009398/MINFI/DGD of 14 November 2014

Additional or amended forms following the observations of the Audit Bench were submitted to the jurisdiction after these dates and this up till 19 November, 2014.

4.2. Reporting Forms of the Directorate General of Taxes (DGI)

The Directorate General of Taxes presented twenty-two (22) reporting forms of revenue paid in during the 2012 financial year including six (06) for mining companies and sixteen (16) for oil and oil companies transport.

4.2.1. Declaration of revenue from mining companies

Serial No	Company	Amount of declarations 2012 FY	Amount of infra-national transfers	Total Amount 2012 FY
1	CIMENCAM	109 861 130	27 465 283	137 326 413
2	GEOVIC	12 051 675	0	12 051 675
3	RAZEL	93 214 186	23 303 547	116 517 733
4	CAM IRON SA	63 765 972	0	63 765 972
5	ROCAGLIA	22 418 718	2 065 760	24 484 478
SOUS TOTAL		**301 311 681**	**52 834 590**	**354 146 271**

6	Unilateral reporting grouping revenue from the following companies: - *BRUNDA SARL* - *C[IE] MINIERE DU CAMEROUN* - *GRANULATS DU CAMEROUN* - *CAMINA SARL* - *SINOSTEEL*	17 515 234
	TOTAL	**371 661 505**

The amount of payments registered on the six (06) reporting forms amounts to **371 661 505** CFA francs. These revenue statements of mining companies are supported by payment receipts.

4.2.2. Revenue reporting from oil companies

The total amount of revenues paid by oil companies as reflected in the table below amounts to 192 554 255 491 CFA francs including 889 597 918 CFA francs of sub-national transfers (payments made to FEICOM and councils).

Three of these forms, those of MURPHY, MURPHY/STERLING and DANA PETROLEUM show zero amounts of reported income.

Summary table of reported revenue paid in by oil and oil transport companies

Serial No.	Company	Amount of declarations 2011 FY	Amount of declarations 2012 FY	Amount of intra-national transfers	Total amount 2012 FY
1	YANG CHANG LOGONE	152 228	30 134 188		30 134 188
2	MURPHY	0		0	0
3	GLENCORE	66 718 663	1 413 009 954		1 413 009 954
4	PERENCO RIO DEL REY	44 631 810 010	85 462 533 326		85 462 533 326
5	ADDAX PETROLEUM CAMEROUN LTD	523 614 746	985 809 309		985 809 309
6	PERENCO OIL & GAZ CAMEROUN	1 266 996 419	494 023 941		494 023 941
7	RODEO DEVELOPPMENT	439 701 594	810 010 573		810 010 573

8	PERENCO CAMEROUN	15 859 180 105	10 593 837 118		10 593 837 118
9	MURPHY /STERLING	0			0
10	KOSMOS ENERGY	66 931 496	574 884 112		574 884 112
11	NOBLE ENERGY CAMEROUN	172 212 275	186 626 809		186 626 809
12	EUROIL LIMITED	81 665 672	42 787 777		42 787 777
13	ADAX PETROLEUM COMPANY	44 132 946 609	67 387 129 062		67 387 129 062
14	COTCO	7 123 723 497	7 403 267 031	384 415 363	7 787 682 394
15	SNH	8 304 485 956	16 280 604 373	505 182 555	16 331 122 628
16	DANA PETROLEUM	0	0	0	0
	TOTAL	**122 670 139 270**	**191 664 657 573**	**889 597 918**	**192 554 255 491**

4.2.3. Analysis of data reporting forms and payment details

4.2.3.1. Payments without references of receipts

Examination of the details of payments of attached reporting forms of the Directorate General of Taxes (DGI) helped in identifying the absence of references of receipts for sixteen (16) payments totaling 3 167 850 901 CFA francs, summarized in the table below.

Summary table of payments without references to receipts

Company	Month	Revenue	Amount
CAM IRON SA			
	January	**NEF**	**1 830 440**
	January	CFC	776 859
	April	CFC	739 183
	June	CFC	743 106
	September	CFC	742 292
	October	CFC	775 512
EUROIL	November	CFC	763 968
	Total		**4 540 920**

	May	CFC	4 373 705
	October	CFC	4 684 435
	November	CFC	4 554 814
	December	CFC	1 529 591
	May	FNE	2 915 811
	October	FNE	3 122 968
	November	FNE	3 036 544
	October	Oil company tax	3 132 461 477
SNH	February	Surface area royalty	4 800 196
	Total		**3 161 479 541**
	Grand total		**3 167 850 901**

From this table, it appears that in 2012 revenues amounting to **3 167 850 901 CFA francs** are indicated by references to receipts against 6 032 694 843 CFA francs of the 2011 financial year before adjustments measures at the request of the financial jurisdiction.

The same observations of the Audit Bench for statements of 2012 led the Directorate General of Taxes (DGI) to find payment receipt No. 12-000018908 for 3 132 461 477 CFA francs corresponding to the payment in October 2012 by SNH of the tax on oil companies. This reduced the amount of income not indicated by receipts to the sum of 35 389 424 CFA francs.

4.2.3.2. Differences between reported amounts and payment details

The following table summarizes the differences between the declared amounts and details of payments for certain columns and for certain companies.

Table of differences between the declared amounts and detailed payments for the 2012 financial year

Name	Designation	Amount of declarations	Amount and details of payments	Difference
SNH	Corporate taxes	15 140 176 608	15 214 319 895	-74 143 287
	Surface area royalty	26 300 000	26 100 196	199 804
	Special income tax	191 422 366	116 469 008	74 953 358
EUROIL	NEF contribution	7 239 174	7 731 569	-492 395
PERENCO RIO DEL REY	Surface area royalty	92 332 600	92 040 000	292 600
COTCO	IRCM	19 918 562	19 919 562	-1 000
	TSR	2 489 703 575	2 489 702 575	1 000
RODEO	TSR	785 823 370	785 828 370	-5 000
	CFC	10 919 855	10 915 855	4 000
ADDAX PETROLEUM CAMEROON COMPANY	Surface area royalty	51 800 000	30 467 625	21 332 375
	IRCM	8 329 884	NOT DETAILED	
	TSR	1 514 225 902	1 514 255 902	-30 000
	TOTAL ADDAX	**67 387 129 062**	**67 357 496 803**	

These differences are noted between the details of the reports and accompanying detailed statements. However, apart from the case of ADDAX PETROLEUM COMPANY CAMEROON which displays a difference of 21 302 375 CFA francs on the surface area royalty between the amount of the revenue statement and the payment details, or 0.03 % of the amount of the report, these positive and negative deviations practically cancel out. The forms of three oil companies (MURPHY MURPHY/STERLING DANA PETROLEUM and) indicate zero amounts. Furthermore, the Audit Bench notes the absence of receipts references for fifteen (15) payments totaling 35 389 424 CFA francs relating to CAM IRON SA, EUROIL and SNH companies.

In general, in the reporting forms of the Directorate General of Taxes (DGI), the total reported amounts are generally consistent with those in the detailed statements.

4.2. Reporting forms of the Directorate General of the Treasury, Financial and Monetary Cooperation (DGTCFM)

The Directorate General of the Treasury, Financial and Monetary Cooperation submitted nine (9) reporting forms for certification for a total amount of 536 904 401 405 CFA francs relating to :

- Oil revenues paid by the SNH ;
- Mining revenues received by intermediary mining revenue agents:
- either from the seven (7) companies selected by the conciliator: C & K Mining, CIMENCAM, GEOVIC RAZEL, ROCAGLIA, CAM IRON, CAPAM ;
- or from craftsmen, other mining and quarrying companies included within the scope of conciliation.

The table below summarizes all the oil and mining revenues, subject of DGTCFM declarations for the 2012 financial year :

Companies	Amount of payments	Payments without references of receipts	
		Amount	Percentage
SNH	536 550 175 402	0	0
C& K Mining	69 974 772	0	0
CIMENCAM	0	0	0
GEOVIC	62 500 000	0	0
RAZEL	6 657 720	0	0
ROCAGLIA	1 835 890	0	0
CAM IRON	3 916 200	3 916 200	100 %
CAPAM	3 515 731	0	0
Other companies	202 625 690	202 625 690	100 %
Total	**536 901 201 405**	**206 541 890**	0,04 %

Oil revenue reporting forms, including direct transfers to the Treasury and dividends paid by SNH are supported by receipt references. Indirect transfers to the Treasury in turn are supported by the references of commitment orders. These oil revenues amounted to 536 550 175 402 CFA francs for the 2012 financial year.

The observations of the Audit Bench resulted in the production by

DGTCFM of receipts or references to them for payments by GEOVIC (62.5 million CFA francs), C & K Mining (69 974 772 CFA francs) RAZEL (6 657 720 CFA francs), ROCAGLIA (1 835 890 CFA francs), CAPAM (3 515 731 CFA francs) and replacement of zero report by CIMENCAM's initial declaration with 3 million CFA francs whose payment had been made directly to the DGI. This brings the total amount of justified payments to 144 484 113 CFA francs and reduces to 206 551 231 CFA francs for payments not justified by receipts.

It should be noted that those mining revenues were paid to the Treasury by the intermediary revenue agents and that such revenue accounting system does not have reference receipts per operation.

4.4. Reporting forms of the Directorate General of Customs (DGD)

The Directorate General of Customs produced for twenty-five (25) reporting forms for certification including seventeen (17) for oil companies and eight (08) for mining companies including two (02) unilateral declarations for a total amount of 69 673 734 646 CFA francs as shown in the table below :

Table of summary of oil and mining revenue reported at the Directorate General of Customs for the 2012 financial year				
Serial No.	COMPANY	2011	2012	National transfer
1	PERENCO RIO DEL REY	2 269 782 878	2 952 167 696	
2	PERENCO OIL & GAZ CAMER	59 883 627	1 225 139	
3	PERENCO CAMEROUN	501 669 356	1 717 470 831	
4	NATIONAL HYDROCARBONS CORPORATION	144 580 853	107 194 320	
5	ADDAX PETROL CAM COMPANY		306 714 589	
6	ADDAX PETROLUM CAM LTD	2 267 137	21 633 429	
7	NOBLE ENERGY CAM LTD (EDCUK)	3 463 427	36 853 858	
8	STE EUROIL LTD	21 094 226	26 410 811	
9	STE GLENCORE EXPLORATION	1 885 826	43 636 095	

10	CAMEROON OIL TRANSPORT CO	9 143 712 482	8 627 113 484	
11	GEOVIC CAMEROON SA	24 729 061	1 125 724	
12	CIMENCAM	12 541 418 523	14 447 937 773	
13	C & K MINING INCORPORATED	52 551 942	44 656 423	
14	RAZEL CAMEROUN	1 930 941 162	1 926 511 923	
15	YAN CHANG LOGONE DEVELOPMENT C.	2 251 108	3 040 614	
16	STE KOSMOS ENERGY CAM.H.C	0	4 812 893	
17	MURPHY CAMEROON NTEM OIL CO LTD		0	
18	MURPHY CAMEROUN ELOMBO OIL CO LTD		0	
19	GAZ DU CAMEROUN		33 059 590	
20	DANA PETROLEUM CAM SARL		0	
21	ROCAGLIA PIERRE HUBERT		40 556 928	
22	CAPAM HOLDING PLC		0	
23	CAM IRON SA		11 159 988	
	S/TOTAL	**27 280 915 100**	**30 352 156 384**	
24	ACTIVE QUARRY COMPANIES	Unilateral declaration	24 687 933 598	
25	MINING EXPLORATION COMPANIES	Unilateral declaration	14 633 644 664	
	TOTAL		**69 673 734 646**	

Among the twenty-five (25) reporting forms received from the Directorate General of Customs (DGD), it identifies four (04) zero reports concerning revenue from MURPHY CAMEROON NTEM OIL LTD, MURPHY CAMEROON ELOMBO, DANA PETROLEUM CAM SARL, CAPAM HOLDING PLC companies.

The revenues of the unilateral reports of active quarry companies totaled 24 687 933 598 CFA francs. These unilateral reports also include revenue from extractive companies that made individual reports such as CIMENCAM (14 442 437 773 CFA francs) and RAZEL (1 926 511 923 CFA francs).

In addition to these two companies, there are also twelve (12) other revenues which exceed the "materiality threshold" of 50 million CFA francs, defined by the Conciliation Framework Study are summarized in the table below

	Enterprises	Amount of customs duties and taxes paid	Observations
1	LES GRANULATS DU CAMEROUN	89 110 805	
2	STE SOGEA SATOM CAM	356 734 883	
3	CHINA COM. CONSTR. CAM	134 405 373	
4	ARAB CONTRACTORS	724 884 168	
5	CAMRAIL	4 331 000 605	
6	GPT PANTECHNIK / EDOK ETER	112 811 221	
7	CHINA INTERN WATER & ELECT	469 101 825	
8	FOMA ENTERP	118 742 674	
9	STE SOGEA SATOM SAS	787 858 725	
10	CHINA HAR ENT COM LTD	187 565 605	
11	STE BUNS	258 368 553	
12	STE CAM DES P & GRAVIERS	58 496 925	

The unilateral reporting of "mining companies" made by the DGD for 14 633 644 664 CFA francs mainly includes revenue from CIMENCAM (14 447 937 773CFA francs) and C & K MINING CORPORATION (44 656 423) which were the subject of individual reports.

Payments by BOCOM PETROLEUM amounted to 82 925 363 CFA francs. This amount exceeds the "materiality threshold" of 50 million CFA francs and thereby justifies the production of individual report.

Given the above analysis, individual reporting and unilateral reporting of the General Directorate of Customs are not cumulative with the risk of duplication for companies which made individual reporting.

5. Situation of reported revenue by government structures in the trial balance of the 2012 financial year

The Audit Bench, meeting in the joint session of 15 November 2013, gave its opinion on the settlement bill of the 2012 financial year. This opinion found the balances of the trial balance of the said financial year.

The total revenue reported by companies within the conciliation perimeter has been reconciled with the revenue included in the trial balance and the settlement law of the 2012 financial year.

The table below gives the results of this reconciliation :

Table of correspondence form - trial balance of accounts

N°	Tax name and account number	Amount on form	Amount of the trial balance of accounts	Difference	Observations
1	Surface area royalty account 7336	625 059 765	353 880 269	271 179 496	This difference is justified by the fact revenue from this royalty were entered in several accounts of the balance
2	Tax on oil companies account 7413	170 435 684 172	160 188 487 804	10 247 196 368	The difference is justified by revenue of non-oil companies
3	Tax on non-oil companies (ROCAGLIA) account 7231	21 665 051	261 207 013 278	261 185 348 227	The difference is justified by the fact that : - the conciliation perimeter concerns only a small proportion of companies paying the tax on non-oil companies ; - revenue from non-oil companies are entered in column 2 in compliance with line 22 of the revenue reporting

4	Mining tax account 7355	245 612 083	168 510 716	77 101 367	Revenue in this column includes other revenue of accounts 7335, 7339 and 7357
5	Proportional tax on investment income (TPRCM) account 7218	853 248 446	38 313 375 735	37 460 127 289	The conciliation perimeter concerns only a small number of payers of the TPRCM
6	Fixed duties, ad valorem and duties on precious metals Accounts 7335 7339 and 7357	80 943 146	251 043 953	170 100 807	This difference is justified by the discordance between the accounting nomenclature and that of the revenue reporting
7	Right of way of pipeline account 7412	7 745 481 002	7 746 681 002	1 200 000	The difference of 0.01 % is not significant
8	SNH royalties account 7411	536 550 175 402	532 375 175 402	4 175 000 000	This difference corresponds to dividends paid to the State by SNH (account 7456)

It appears from the table above that :

1. The amounts of the payments reported by oil and mining companies relating to SNH royalties, rights of way of the pipeline and to tax on the oil companies are consistent with the amounts in the trial balance (accounts 7411, 7412 and 7413).

2. The reconciliation of the amounts on the reporting forms with those of the balance of accounts and settlement law of the 2012 financial year for surface area royalties (account 7336), the mining tax (account 7355) fixed duties and ad valorem taxes (7339 and 7357 accounts) reveals some differences.

These differences are explained by the fact that some of these revenues, notably revenue from mining companies, were paid to the Treasury in imputation accounts to receive revenue from other companies subject to the same taxes on the one hand and the nomenclature of government accounts does not necessarily coincide with the content of the reporting forms of the other revenues on the other hand. These inconsistencies are not significant and do not undermine the reliability of data of the reports.

Notwithstanding the above-noted observations, data from fifty-six (56) reporting forms of government revenue within the conciliation perimeter for the 2012 financial year are regular and sincere.

It is therefore necessary to certify revenue reporting forms submitted by the Directorate General of Taxes, the Directorate General of the Treasury and Financial and Monetary Cooperation and the Directorate General of Customs.

CONCLUSION

IN THE FORM

Subject to the problem of referral to the financial jurisdictional that calls for efforts in meeting deadlines, the request for certification of reporting forms of the extractive sector revenue in the 2012 financial year from the Minister of Finance is admissible.

ON THE MERITS

In view of the auditing standards and principles mentioned above, measures taken and subject to the observations made above, the financial jurisdiction certifies that the data of the twenty two (22) revenue reporting forms of the General Directorate of Taxes, nine (09) forms of the Directorate General of the Treasury, Financial and Monetary Cooperation and twenty-five (25) forms of the Directorate General of Customs for the 2012 financial year are regular and sincere.

The activity reports of the Audit Bench end with recommendations. Some earlier recommendations were implemented during the 2014 financial year. Others remain unanswered. This ninth report also includes new recommendations.

Part Four

RECOMMENDATIONS OF THE AUDIT BENCH IN 2014

CHAPTER 1. RECOMMENDATIONS IMPLEMENTED IN 2014

Section 1 : Special Appropriation Accounts

By recommendation No.12-02 of the 2012 financial year, the Audit Bench requested the Ministry of Finance firstly “to draw up a template for the presentation of Special Appropriation Accounts on the one hand and secondly in default of statutory or legislative provisions thereto, clarifications be always made on the allocation of the surplus revenue of Special Appropriation Accounts”.

During the 2014 financial year, the Ministry of Finance set up a working group responsible for making proposals for the correction of various irregularities raised in the management of Special Appropriation Accounts. It is hoped that the results of this group will be communicated to the financial jurisdiction and will confirm the effective implementation of this recommendation.

CHAPTER 2. REMINDER OF PREVIOUS RECOMMENDATIONS THAT HAVE NOT BEEN IMPLEMENTED

Section 1 : Fiscal Regime of the State

The Audit Bench has in its various reports recalled the recommendations which concern the fairness of budgetary balances and the evaluation of the assets of the State.

Single sub-section. Fairness of budgetary balances

In 2011, the Audit Bench recommended the respect of the principles and procedures of the treatment and recording of accounting and budgetary operations to improve the determination of budgetary balances and give fair results on the execution of the budget.

(Recommendation 11-03).

This recommendation is not yet implemented by the public accountants of the State.

Section 2 : Review of some legal frameworks

The Audit Bench had recommended the review of some instruments governing the control and ruling on accounts such as law No. 2003/005 of 21 April 2003 referred to above as well as the enactment of enabling instruments of Law No. 99/016 of 22 December 1999.

Sub-section 1. Review of the law of 21 April 2003 on the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court

In 2006, the Audit Bench made recommendations Nos. **06-1, 06-2, 06-3 and 06-4** relating to the review of sections 2, 8 and 39 of Law No. 2003/005 of 21 April 2003.

The urgency of the review of this law was again perceived through the workshop organized by the Audit Bench in June 2013. The workshop compared the shortcomings of the existing text with the provisions of a financial jurisdiction compliant with international standards notably the CEMAC Guidelines.

These provisions would thus realize the internalization of these Guidelines, subject to some instruments prepared in more appropriate forms than a regulatory instrument would allow. (***Recommendation 11-06***).

The implementation of this recommendation is still awaited.

Sub-section 2. Enabling instruments of Law No. 99/016 of 22 December 1999 on the general rules and regulations governing public establishments and public and semi-public enterprises

In 2007, the Audit Bench recommended respect of the provisions on the compliance of the rules and regulations governing public establishments, public and semi-public enterprises with the OHADA law regarding limits of mandates and incompatibilities of different management bodies.

It also recommended the preparation of enabling instruments, especially to regulate the benefits granted to managers of public establishments and public and semi-public enterprises. Decree No. 87/1141 of 20 August 1987 fixing the remuneration and perquisites of staff of State corporations, public establishments, public and semi-public enterprises being considered obsolete or inconsistent with Law No. 99/016 of 22 December 1999 referred to above.

Recommendations Nos. 07-3, 07-4, 07-5 and 07-10 as well as the

interim ruling of 17 December 2008 addressed to the Minister of Finance have never had any follow-up till date.

Section 3 : Production of accounts.

Sub-section 1. The content of packages of expenditure supporting documents

In 2007 the Audit Bench recommended to the Minister of Finance to commence a reflection aimed at reducing in a significant manner the number of constituent documents of a package of supporting documents of expenditure in order to render the control of public accountants more efficient while preserving the probative value of the said documents. *(**Recommendation. 07-11**)*.

This reflection is not yet effective.

Sub-section 2. Production of accounts of natural persons performing official functions

Recommendation No. 08-2 made in the 2008 financial year on the transmission to the Audit Bench by the Ministry of Finance of accounts of natural persons performing official duties or those of certified public accountants of corporate bodies assigned a special duty and receiving as a result thereof, national and international grants, as prescribed by section 8(7) of Law No. 2003/005 of 21 April 2003 to lay down the jurisdiction, organization and functioning of the Audit Bench of the Supreme Court has not been implemented.

Section 4. Application of Law No. 73/7 of 7 December 1973 relating to the preferential claim of the Treasury to safeguard public funds

Single sub-section. Preferential claim of the Treasury over the property of public accountants

In 2013, the Audit Bench recommended compliance with Law No. 73/07 of 7 December 1973 on the preferential claim of the Treasury to safeguard public funds in order to guarantee the rights of the Treasury and make effective the execution of the decisions of the courts which found the persons concerned in debit to the State or organs benefitting from the preferential claim of the Treasury. (**Recommendation 13-01)**

This recommendation is not yet implemented.

Section 5 : Settlement bill

Sub-section 1.Budgetary expenditure relating to State guarantee

The Audit Bench recommended in 2013 that the execution of budgetary expenditure relating to State guarantee to public establishments and public and semi-public enterprises in the case of concessional loans be properly informed in the settlement bill.

(Recommendation 13-02).

The implementation of this recommendation has not commenced.

Sub-section 2. Recording of data from direct foreign bilateral and multilateral drawings

To guarantee the completeness of the recording of budgetary operations of execution of the State budget, the Audit Bench recommended in 2013 that the operations relating to direct foreign drawings feature in the trial balance of accounts in accordance with section 68 of the Fiscal Regime of the State according to which no encashment or disbursement operation could escape the perimeter of the single Treasury account. (**Recommendation 13-03)**

There has been no follow-up to this recommendation.

Section 6 : Decree No. 2013/160 of 15 May 2013 on the General Regulations of Public Accounting

Single sub-section. Legislative clearance of innovations introduced by Decree No. 2013/160 of 15 May 2013 on the General Regulations of Public Accounting

The Audit Bench recommended in 2013 that the laws give a clearance to the innovations introduced by Decree No. 2013/160 of 15 May 2013 on the General Regulations of Public Accounting, including the concept of damage which does not exist in Law No. 2003/005 of 21 April 2003 referred to above, the competence to certify the regularity and fairness of the financial statements, the power to impose a fine on the accountant based on the gravity of the misconduct and terms of limitation. **(Recommendation 13-04)**

This recommendation is not yet implemented.

CHAPTER 3. NEW RECOMMENDATIONS

Section 1 : General Account of the State

In its article 128, Decree No. 2013/160 on the General Regulations of Public Accounting has subjected to gradual implementation until after a period of six years, the full application of the rules and procedures arising from the principle of recognition of rights and obligations as well as accrual accounting governing financial accounting; the implementation of cost accounting and getting in phase with programme budget mechanisms for administrative public establishments and Regional and Local Authorities. But the deadline is no longer far off. Public authorities must now take all the necessary measures to prepare the various structures for that deadline.

Recommendation No.14-1 : Implementation of all the important aspects of accrual accounting

The Audit Bench recommends acceleration of the implementation of all the important aspects of accrual accounting in view of the deadline of 2019.

Section 2 : Expenditure on cash advance

Recommendation 14-2 : Institution of auxiliary ledgers for monitoring adjustments of expenditure on cash advance in accounting stations

In consideration of accumulation of expenditure on cash advance, the Audit Bench recommends the institution of auxiliary ledgers for monitoring the adjustments of the said expenditure in accounting stations.

Section 3 : Asymmetric liability of budget execution actors

Sub-section 1. Transfer of competences from the accountant to the authorizing officer without transfer of liability

Articles 29 (1 and 2) and 76 (3 and 5) of Decree No. 2013/160 on the General Regulations of Public Accounting indicate that when the accountant complies with the requisitioning actions of the authorizing officer, he ceases to be liable for the expenditure in question. Meanwhile, this liability is not transferred to the authorizing officer as was the case under Ordinance No. 62/04 of 7 February 1962 or as is the case with articles 30 and 54 of the CEMAC Guidelines.

Recommendation No. 14-3 : Transfer of competences from the accountant to the authorizing officer accompanied by liability

The Audit Bench recommends that the transfer of competence from the accountant to the authorizing officer prescribed by articles 29(1 and 2) and 76(3 and 5) of Decree No.2013/160 on the General Regulations of Public Accounting should be accompanied by the transfer of liability.

Sub-section 2. The link between the Budget and Accounts Disciplinary Board and the Audit Bench.

Law No. 2003/005 of 21 April 2003 referred to above empowers the Budget and Accounts Disciplinary Board and the Supreme State Audit Services to refer to the Audit Bench for the irregularities committed by accountants detected during their controls. The Audit Bench does not benefit from the option of referring to the Budget and Accounts and Disciplinary Board for management faults imputable on authorizing officers detected during its controls, an option which is meanwhile granted Regional Accounts Courts.

Thus, joint or common faults punished at the accounting level remain without any consequence on the authorizing officer or the accountant.

Recommendation 14-4: Link between the Budget and Accounts Disciplinary Board and the Audit Bench and review of all instruments relating to public finance

The Audit Bench recommends the institution of a link between the Audit Bench and the Budget and Accounts Disciplinary Board in order to take into account management faults committed by authorizing officers and discovered during controls by the financial jurisdiction.

Section 4 : Absence of service number in appointment decisions

Service numbers of public officials are increasingly absent in their appointment decisions to positions of responsibility. That is why most management accounts which reach the financial jurisdiction do not have the service numbers of the accountants, authorizing officers and other officials implicated during the controls. This absence of service numbers is detrimental to the identification of these actors and makes difficult the notification and even the execution of judgments given by the financial jurisdiction.

Recommendation No. 14- 5 : Service numbers of State officials

The Audit Bench recommends the automatic entry of the service number in all State appointment decisions.

Section 5 : Accounting deficits

It appears from the examination of management accounts produced by public accountants of the State that reported deficits of public accountants are not always accompanied by the minutes of detection of the deficit signed by the authors of the deficits and auditors and that some are not entered in the accounting records.

Furthermore, the authors of most of the deficits are not named.

As of 31 December 2014, the total amount of losses in the financial districts amounted to 12 121 866 583 CFA francs.

Recommendation No. 14- 6 : Deficits of public accountants

The Audit Bench recommends :

- Unambiguously name authors of deficits and have them sign the acknowledgment minutes in view of the making management entries ;
- place in the accounting stations concerned the management of entries of deficits if they have not yet been entered and ensure the relevance of the entries already made ;
- mount files of deficits to be transmitted to the Directorate General of the Treasury and Financial and Monetary Cooperation for their transformation into administrative deficits.

CONCLUSION

The presentation of the findings of the Audit Bench of the Supreme Court subject of this annual report reveals a paradoxical picture: on one side, the weak outcome of the judicial controls that are the essence of the mission assigned to the financial jurisdiction (see Table 5) ; on the other hand, the regular performance of the counsel and assistance mission to executive and legislative authorities as well as to public structures and entities.

No matter the perspective, there appears to be a primary issue of human capital, due to the average age of the first judges of the Audit Bench and the requirement of the corresponding enlargement of the perimeter of competence in line with the missions entrusted to the financial jurisdiction. It may even be nullifying in the coming years.

This call for an increase in the number of judges in the Audit Bench by assigning the first accounts judges trained at the National School of Administration and Magistracy (ENAM) and through external recruitment of highly qualified senior staff from other administrations could revitalize and rebalance the teams of the various divisions. Thus will be ensured the continuity of management and the contribution of knowledge and know-how necessary to meet the new tasks increasingly entrusted to the Audit Bench. Of course, it is equally urgent to solve the problem of cramped premises currently hosting the services of the financial jurisdiction.

Situation of human resources at the Audit Bench as at 31 December 2014

Designation			Number	Observations
Legal and Judicial Officers	Bench	SS 1st Group	1	President of the Audit Bench
		SS 2nd Group	3	Division Presidents
		4th scale	17	Division President and Masters of the Supreme Court
	Legal dep't	HH 2nd Group	3	Senior Advocate General and Advocates General
		Sub-total	**24**	
Audit Assistants	Contract employees		54	
	Sub-total		54	
Registry staff	Senior Registry Administrators		2	
	Registry Administrators		5	
	Senior Court Registrars		5	
	Registrars		3	
	Assistant Registrars		8	
	Sub-total		**23**	
Techncial staff	Information technologists		2	
	Archivists		9	
	Journalist		1	
	Sub-total		**12**	
Adminsitrative and support staff	Secretaires		19	
	Drivers		23	
	Security staff		9	
	Sub-total		**51**	
Grand total			**164**	

Table of content

Signed the minutes of this Annual Report :

President of the Audit Bench

ATEBA OMBALA Marc

Members

MBENOUN Théodore

FOFUNG Justine NABUM spouse WACKA

SIMO TCHUINTE Lucienne spouse SIMO BOBDA

MANGA MOUKOURI Isaac

HAKAPOKA Narcisse

KAMENI Pierre

DITOPE LINDOUME

NGAN Evaristus AZEH

FOUDA NKODO Achille

THEUMOUBE Philippe

NDONGO ETAME David

DJOKO André

MIKONE Martin Bienvenu

NDJOM NACK Elie

ALIMA Jean Claude

YEBGA MATIP

EZO'O BIZEME

OUMAROU ABDOU

Registrar-in-Chief of the Audit Bench

NJOWIR Mary YIBEALA spouse JIFON,

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